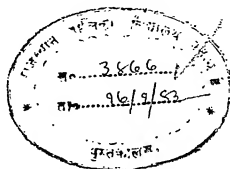


YEAR-BOOK AND DIRECTORY OF INDIAN CO-OPERATION, 1942



GENERAL EDITOR

THE HON'BLE V. RAMADAS PANTULU

*Member, Central Committee, International Co-operative Alliance,
President, All-India Co-operative Institutes' Association
and the Indian Provincial Co-operative Banks' Association.*

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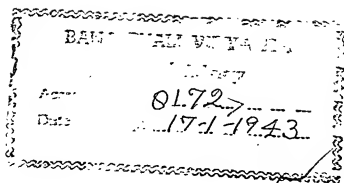
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AND

THE INDIAN PROVINCIAL CO-OPERATIVE BANKS' ASSOCIATION

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"I fear that the confinement to the city life and the comparative ease that the city life has given us, have made us too lazy and too indifferent to study the condition of rural India and to think for ourselves. Nor do we fully realise the meaning of economic distress. He is below par in the sense that the distress has reduced the man in India below his species. He is an underfed beast of burden in human form and is daily sinking. The money taken from him is not used for his betterment!

—MAHATMA GANDHI.

DEDICATED

TO THE INDIAN PEASANT

Who is groaning under the crushing loads of
Indebtedness and Illiteracy
which he carries on his either shoulder :

*"Bowed by the weight of centuries, he leans
Upon his hoe, and gazes on the ground,
The emptiness of ages in his face
And on his back the burden of the world."*

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PUBLISHERS' PREFACE

"Co-operation in India," which was conceived as an Year-Book of Indian Co-operation, edited by Prof. H. L. Kaji, the then Honorary Secretary of the All-India Co-operative Institutes' Association, was published in 1932 by the Association as the first volume of its *Indian Co-operative Series*. The work was undertaken in pursuance of a resolution of the Standing Committee of the Association held at Nagpur on the 15th December 1929. After the lapse of about a decade since then, the Joint Session of the Standing Committees of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association held at Bombay on the 18th and 19th January 1941, resolved to publish an "Year Book and Directory of Indian Co-operation" and appointed the Hon'ble Mr. V. Ramades Pantulu as the General Editor, besides Provincial Editors for almost all provinces and States, who have kindly agreed to collaborate with the General Editor in the preparation of the work. This Year-Book is published by the Associations in pursuance of that resolution. The publishers desire to thank the Co-operative Institutions which have rendered financial or other kinds of help to the publication, particularly, the Provincial Co-operative Bank and the Provincial Co-operative Union of the Punjab. The Provincial Co-operative Banks at Nagpur, Bombay and Patna and the United Provinces Co-operative Union have also extended their patronage to the publication.

It was expected that the entire matter could be compressed into a volume of about 400 pages. But with the progress of the work the bulk has swollen considerably and the volume now comprises 700 pages, that is to say the original estimate of the size has increased by about 75 per cent; again there has been a steep rise in the price of paper and other printing materials due to the conditions created by the war since the work has been commenced. All these factors contributed to make the original estimate of the cost of the publication exceed by about cent per cent. Nevertheless, in order to keep the publication within the reach of all co-operators and co-operative institutions who may desire to possess a copy of it, the price has been fixed at a level which perhaps just covers the cost of production not putting any monetary value on honorary services of the numerous collaborators. The Associations hope to be able to make this a periodical publication, revising and bringing it up-to-date from time to time.

The publishers desire to express their appreciation not only of the excellent quality of the printing and get-up but also the interest and the spirit of co-operation evinced by their printers, Messrs. G. S. Press, in bringing out this publication.

"Peace will only come the co-operative way"

—The Co-op. Reporter, Columbus, Ohio.



INTRODUCTION

This Year-Book and Directory of Indian Co-operation, 1942, is planned on lines somewhat different from Prof. H. L. Kaji's *Co-operation in India*, 1932, to which reference has been made in the preface. Instead of publishing a series of independent articles contributed by select writers on different topics and problems of the Indian Co-operative Movement in general, as in the 1932 attempt, an endeavour is herein made to present the readers with a connected account of the origin, progress and working of the movement in the several provinces and States, so far as the materials made available to me permitted such a course. In a way this change of plan has become necessary for the co-operative organisations in the several provinces and States had gone through varying experiences and the vicissitudes of the fortune of the movement therein took different turns since 1930 and nothing but a regional treatment of the movement can now give us a correct idea of the present condition of the movement in the different areas and the causes that account for it. Apart from this, two other general considerations weighed in favour of adopting the present plan of the book. *Firstly*, articles dealing with problems like rural credit, urban credit, marketing, consumers' stores, producers' organisations, supervision, education and propaganda on an All-India basis, however comprehensive, are not likely to give as full, vivid and true a picture of the movement in each province and State, as a regional treatment of the subject may do. *Secondly*, each province and State has something to show by way of its own characteristic contribution to the co-operative movement, which co-operators living elsewhere may profitably study. We cannot expect a dull uniformity—a steam-road-rolled product—in our socio-economic activities, in a sub-continent like India, with its vast regions characterised by well-marked social, ethnological and climatic variations and inhabited by peoples possessing distinct cultures, speaking different languages, following social customs and traditions peculiarly their own and grappling with economic problems created by special local conditions and environments. The peculiarity of Indian Nationalism lies in its essential solidarity amidst such diversity exhibited by the sub-national units. So it is with Co-operation, which retains its fundamental unity, broad-based on the basic ideals of co-operation, in spite of the diversities manifested in practice. It is for this reason that the Royal Commission on Agriculture laid considerable emphasis on the desirability of the Central and Provincial Governments affording facilities to offi-

cers of the co-operative departments as well as non-official co-operators, to make comparative study of the movement in the different parts of India and in foreign lands. In tours undertaken for such a study this Year-Book, it is hoped, will be a useful companion and ready referencer.

To add to the usefulness of the publication an All-India Section is added. It is Part I of the Book and is so prepared as to create an interest in the movement in the general reader and the directory portion is incorporated in this part. The Chapter on 'Who is Who Among Co-operators' will, I hope, serve to introduce the Co-operators in India to each other and bring them closer. Parts II and III of the book deal with the British Indian Provinces and Indian States respectively. In this scheme contributors to Parts II and III are naturally selected on the regional basis and mainly drawn from among the ranks of co-operators—officials and non-officials, who are intimately associated with the actual working of the institutions in their several areas and who are in a position to bring to bear their first-hand knowledge on what they write about. These contributions have not, however, been published as they reached me from the Provincial Editors, but are pieced together so as to form connected paragraphs of the chapter in the Year-Book dealing with the particular province or State, the several chapters going to make up the Year-Book as a whole. Brief notes on the general features of the area and a retrospect of the movement therein are mostly prefixed by me to the matter so arranged. Wherever maps of the concerned areas are supplied by the Provincial Editors they are incorporated. But it must be said that, as in the case of the statistical information, there is no standardisation in the maps. It is hoped that these defects will be remedied in the next edition by standardising statistical information as well as the maps. Viewed from this standpoint there are sixteen chapters in Part II and nine in Part III, all of them fitting into our scheme as a whole. The contributions to Parts II and III are intended to be, and as a matter of fact most of them are, more in the nature of records of facts rather than expositions of principles and practice of co-operation. In my endeavour to so edit the matter as to avoid repetition and overlapping, which are inevitable when several contributors write on the same or allied topics and to eliminate as far as possible mere expression of personal views specially on controversial matters, I have used my discretion as General Editor, somewhat liberally, for which I hope, the Provincial Editors and the contributors will pardon me. In this process, I have however, endeavoured to the utmost of my ability not to interfere with the language or the ideas of the writers and I trust, they will not miss in the book anything

which they consider important, useful or interesting in their contributions.

I desire to acknowledge my obligations to the several Provincial Editors and Contributors for the hearty co-operation they extended to me in the discharge of my delicate and onerous task. I also wish to tender my thanks to the Secretaries of the two All-India Associations and the official and non-official co-operators who have shown unfailing courtesy to me in responding promptly to my communications and supplying me with such materials as could be made available. My obligations to those who were associated with me in Madras, in the past, in various capacities in my co-operative activities are too deep to escape mention. The task of going through the huge material received from the Provincial Editors, covering over 1,500 closely typewritten pages, bringing the facts and figures contained therein up-to-date, carrying out subsequent corrections made by the Provincial Editors in the advance copies of the proofs sent to them and going through the final proofs of these pages could hardly have been performed by me without the assistance of these unostentatious and willing workers. I need hardly say that I have drawn freely on the annual administration reports of the Registrars, the bulletins of the Reserve Bank of India and the reports of the Central and Provincial Banking Enquiry Committees, and feel greatly indebted to these sources of information.

I hope that the general reader interested in the co-operative movement, the research student working in rural economics and co-operation and the official or the non-official administering the affairs of co-operative institutions, will all find in this book, material useful to them—material laboriously collected, carefully sifted and readably presented. Some enterprising writer may, in the near future, produce a comprehensive treatise on co-operative movement in India. It will, no doubt, have its place in our co-operative literature, but I feel that it cannot well replace a publication of this kind, if it is periodically revised and brought up-to-date. Of the many defects to be removed and the several omissions to be supplied in this volume, none is more conscious than myself. Some of the faults and short-comings are however, attributable to absence of method and uniformity of plan in the preparation of published statistics relating to the different provinces and States. The Reserve Bank of India in their latest bulletin, *Review of the Co-operative Movement in India, 1939-40*, rightly refer to "the handicap imposed by the diversity of the form of the departmental reports and the lack of standardisation in the statistics."

What is attempted in this book is a study of our co-operative organisations as they exist and are working to-day. No pretence is made

to any approach to the subject from the theoretical stand point, to ascertain how far the several types of our co-operative institutions conform to certain principles of economic theory and practice and wherein they resemble or differ from similar types in other countries. It is quite possible for academic students of this work to find fault with its plan and with the classification and description of the different types of co-operative organisations; it may be said that such an approach to the subject is not scientific. This criticism may appear at first sight plausible; but to our critics my answer is this: Co-operative organisations in India have sprung up more largely as practical solutions of peculiar local difficulties and were not entirely conceived at their inception as embodiments of any definite theory of economic organisations. It is, no doubt, true that for facility of study the common aspects and principles which may be extracted from institutional features are first expounded and the institutions themselves are cited as illustrations of those principles. However helpful this method might be for purposes of academic study it should not lead us into the mistaken path of selecting one or other type of institution successfully working in any province or State on a *a priori* grounds, on its own intrinsic merit, without regard to the peculiar needs of local, economic, social and political conditions, system of land tenures and the like. In judging the soundness of the lines on which various types of co-operative institutions have developed in the several regions and in assessing the measure of their relative success, we must bear this consideration in mind. It will be a fundamental error to try to impose the peculiar features of the Punjab movement on Madras or ask the United Provinces to adopt the Bombay model or expect Bengal to copy the Central Provinces and Berar.

Now a word or two in regard to the educative value of a publication like this, as an aid to the training of our workers for the spread of co-operative ideals and for the organisation of our peasants and workers on a co-operative basis, particularly at a juncture like this. Every country which is thinking of post-war economic reconstruction is turning its vision to Co-operation. There are many who are now prepared to admit that co-operation is a better alternative to the solution of problems connected with national reconstruction to any other which may be suggested. Even erstwhile bulwarks of capitalism are now gradually veering round to the co-operators' view point. For instance, the LONDON TIMES in one of its leaders writes as follows: "What we need most of all now is co-operation in creating markets. And this means that we must reverse the practice of recent years by *making the consumer, not the producer, the starting point of policy.*"

The organisation of consumption takes precedence over the planning of production. This is the vital change of outlook implicit in conceptions of 'rising standards of living' and 'freedom from fear'."

In this process of national reconstruction, the economic factors of the movement that count are the business efficiency of the co-operative institutions, their utility in enhancing the agricultural incomes and wealth of the country, relieving the burden of unproductive debt, freeing trade from needless middlemen, and enhancing the value and reputation of the country's products in the markets: its moral factors that count are "the sense of harmony and unity" that the movement creates, "tolerance of divergent opinions, intolerance of waste and a consciousness of individual freedom and worth." The present irrational system of production and distribution cannot be sustained much longer. When half the population of the world is under-fed and insufficiently clothed we speak of over-production. Swollen stocks are due not to lack of demand but to the *ineffectiveness* of demand, in other words, to *lack of purchasing power* among those who are most in need of even elementary necessities of life—food and clothing. The demand for better and more equal opportunities in life and a more equitable distribution of wealth, goods and commodities from sections of the community to which those are at present denied, could not long be resisted. There is no escape from national planning, on the basis of all round social and economic justice. I am a firm believer in the inevitability of co-operation becoming an integral part of national economic planning in future in India as in other countries.

But such planning and the carrying out of it require men and women, educated and trained in true ideals and methods of co-operation and suitably equipped for the task of preaching those ideals and methods to the masses and to bring about a change in their outlook on life and their standard of living. Non-official co-operators have not so far shouldered this responsibility seriously. It has been left mostly to the official agency to do what it can in this direction. I have no desire to belittle or minimise the value of the work so far done by official agencies in the field of rural uplift and economic organisation of the peasants and workers. But the official agency has its obvious limitations which are inherent in the present system of administration. This truth is candidly admitted by one of the foremost British Indian administrators, Sir Malcolm Hailey. In his foreword to Mr. Brayne's book on 'Village Uplift in India,' Sir Malcolm, attempting to answer the charge that the Indian Government failed to deal with the problem of improvement of conditions of rural life makes the following observations. "The charge is to this extent true, that we have never made a direct and a concerted attack on this problem; we have never deliberately attempted to effect

that change in the psychology of the peasant and in his social and personal habits without which it is impossible materially to improve his conditions of life. The reason did not lie entirely in the immensity of the task. It was obvious that we should have to encounter an enormous dead weight of conservatism and apathy; *there were many who not unreasonably feared the result of preaching to the villager that discontent with his own conditions of life which was necessary to their improvement; and not many of us, to tell the final truth, have had the missionary spirit necessary for the enterprise.*" So our workers, to be successful, must have the missionary spirit of the kind referred to by Sir Malcolm Hailey.

In the sphere of co-operation fortunately our workers and missionaries will find themselves in a more genial or less embarrassing atmosphere than in the political sphere of our national life to-day. The virus of communalism or class antagonism has not so far fortunately corroded, to any distressing extent, our movement. Communal or sectarian quarrel is radically opposed to the religion of co-operative compact. Whatever may be the ultimate form of India's political constitution, we may usefully strive to make our voluntary co-operative organisation an inseparable part of our rural and urban economy. To that extent the contribution of co-operators in nation-building will not only be of a permanent and lasting character but will also help to hasten the transference of political and economic power and control into the peoples' hands which is universally desired. "Always remember," as Mr. John Fisher says, "that your economic system is the foundation, while your political system is the superstructure. The foundation must fit the superstructure. Therefore *build co-operatives in order to have democracy.*" The two All-India Associations and all those who collaborated in the preparation of this publication will have reason to be gratified and feel amply rewarded if it is found useful in any measure by those who are or will be engaged in the promotion of the co-operative movement and in carrying its life-giving message to the doors of those who are waiting to receive it. Among those who have the largest claim on our services for the spread of the gospel of co-operation is the Indian Peasant to whom this book is dedicated in all humility.

February 1942.

General Editor.

*"But a bold peasantry, their country's pride
When once destroyed can never be supplied"*

—OLIVER GOLDSMITH.

CO-OPERATIVE MOVEMENT IN INDIA *

A GENERAL SURVEY

By

THE HON'BLE V. RAMADAS PANTULU

The purpose of this survey is not to trace the history and origin of the Co-operative Movement in India; nor do I propose to deal therein with the Indian co-operative problems, except incidentally as the context may require. All that is attempted here is to present in broad outline, the picture of the co-operative movement as a whole in India. In order to do so, I have drawn freely on the materials collated in the Year-Book and Directory of Indian Co-operation, 1942, the bulletins and statistical publications issued by the Agricultural Credit Department of the Reserve Bank of India, and the administration reports of the Registrars. I acknowledge my indebtedness to these sources of information.

A Retrospect.—The period that elapsed between the inauguration of the movement under Act X of 1904 and to-day can be divided for the purposes of showing the general course of development of the movement into three well defined stages. The period between 1904 and the publication of the MacLagan Committee Report in 1915 may be taken as the period of initial effort and planning. The recommendations made by that Committee had a far reaching effect on the future lines of the development of the movement. With co-operation becoming a transferred subject under the Government of India Act of 1919, further impetus was given for the development of the movement by the ministers in charge, and the period between 1915 and 1929 was marked by large expansion of the movement in almost all the provinces. This may be called the period of unplanned expansion. Then followed, from 1929-30, acute economic depression in India by catastrophic fall in the prices of agricultural products and of agricultural land. The movement received a set-back in almost all provinces and programmes for the rectification and consolidation as they are called in some provinces, or rehabilitation and reconstruction in other provinces have taken the place of expansion and development.† This may be called the period of set-back and reorganisation. The signs of recovery only began to make their

*Views expressed in the course of this survey are my personal views and do not commit the two All-India Associations.

†The following reports have been submitted or published:—

TRAVANCORE :—*Report of the Co-operative Enquiry Committee*, Travancore, 1935 (Chairman, Mr. G. K. Devadhar).

appearance from 1935-36. But the set back received by the movement in certain provinces was so great that recovery of prices of agricultural products and agricultural land has not had any beneficial effect on the movement, as for instance in Bengal, Bihar, Orissa and Berar particularly. Nevertheless, I feel that the movement even in these provinces has still sufficient potentiality left in it to be capable of rehabilitation if we set about our task on right lines and sufficient encouragement is forthcoming from the provincial governments. Speaking for myself, I feel that even in areas where there has been the severest set-back the movement is merely put in the dry dock for repair and not thrown on the scrapheap as utterly unseaworthy. The progress of the movement from 1904 up-to-date as evidenced by the number of societies, number of members and the working capital can be seen from the following statement:—

	Number of Societies. (in thousands)	Number of members (in F . lakhs)	Working capital (in Rs. crores)
Average for 5 years			
From 1910-11 to 1914-15	12	5.5	5.48
From 1915-16 to 1919-20	28	11.3	15.18
From 1920-21 to 1924-25	58	21.5	36.36
From 1925-26 to 1929-30	94	36.9	74.89
From 1930-31 to 1934-35	1.06	43.2	94.61
During 1937-38	1.11	48.5	103.02
During 1938-39	1.22	53.7	106.47
During 1939-40	1.37	60.8	107.10

MYSORE:—*Report of the Committee on Co-operation in Mysore, 1935* (Chairman, Dewan Bahadur K. S. Chandrasekhara Iyer).

GWALIOR:—*Report on Co-operative Societies and Banks in Gwalior, 1937*, by Prof. V. G. Kale.

HYDERABAD:—*Report on Agricultural Indebtedness in H.E.H. the Nizam's Dominions, 1937*, by Mr. S. M. Bharucha.

BOMBAY:—*Report on the Reorganisation of Co-operative Movement in Bombay, 1937*, by Messrs. V. L. Mehta and M. D. Bhansali.

ORISSA:—*Report on the enquiry into conditions of the Co-operative Movement in Orissa, 1938*, by Diwan Bahadur K. Deivasikhamani Mudaliar.

SIND:—*Report of an enquiry into the Organisation and Working of the Sind Provincial Co-operative Bank, Karachi, 1935*, by Mr. V. L. Mehta.

BERAR:—*Report of the Berar Co-operative Enquiry Committee, 1939*, (Chairman, Mr. P. K. Gole).

BIHAR:—*Report of the Board of Experts for Co-operative Rehabilitation, 1939*, (Chairman, Hon'ble Mr. V. Ramadas Pantulu).

PUNJAB:—*Report on the Co-operative Movement in the Punjab, 1939*, by Mr. F. W. Wace.

MADRAS:—*Report of the Committee on Co-operation in Madras, 1940*, (Chairman, Sir T. Vijayaraghavacharya).

THE CO-OPERATIVE CREDIT MOVEMENT

Any survey of co-operation in India must begin and largely concern itself with the co-operative credit movement. This is evident from the fact that programmes of rehabilitation and reconstruction are naturally and rightly confined to the resuscitation of the co-operative credit machinery—the rural credit society and its secondary organisations, central and provincial banks. Nevertheless, I often hear the criticism that credit dominates co-operative movement in India. It is somewhat difficult to understand the implications of this criticism. No one overlooks the importance of non-credit activities organised on a co-operative basis. To my mind, the credit and non-credit activities are really inseparable. Apart from the fact that provision of capital and credit to the agriculturist, the artisan and the small trader is still the main desideratum of our rural and urban economy, it is impossible to believe that any non-credit activity can thrive without a co-operative credit organisation to back it. To quote one illustration of this fact, when Madras is going ahead with the organisation of handloom weavers' societies, milk supply societies and consumers' stores, they are sought to be affiliated to the central banks in order that they may derive the necessary finances from the latter. It is so with every other form of non-credit activity if one cares to analyse the position. Indeed, the Royal Commission on Agriculture constantly emphasised the fact that the problem of rural credit is really a part of the wider problem of rural economy. Co-operative credit to individuals severally, as well as to individuals organised on a co-operative basis into societies, is ultimately the main factor on which the success of the co-operative movement in all its aspects depends. The Royal Commission on Agriculture have pointed out that "the co-operative credit movement had done more to bring down the usurious rates of interest prevailing in the country more than legislative effort in that direction." The League of Nations, in their interesting brochure on 'Co-operative Action in Rural Life,' have also drawn attention to the fact that even in Europe "co-operative credit societies have done more than anti-usury laws—which are too easily evaded, with the connivance of the borrowers themselves—to suppress the usurer, who, were it not for co-operation, would in many countries be the sole and therefore the indispensable supplier of the credit required." I, therefore, feel no hesitation in advocating that in any scheme for the reform of the co-operative movement, the importance of the co-operative credit society, with or without accessory functions, should occupy a predominant place.

Commercial vs. Co-operative Banks.—It is sometimes asked what is the difference between the co-operative banks and the joint stock banks and do not both of them serve the same purpose, namely, providing facilities for saving and investment of surplus wealth on the one hand and supply of credit on the other? True; but one difference between the two is that they are at present organised to serve the needs of different sections and interests of the community, and to

that extent they are complementary organisations. ✓ The co-operative banks now mainly serve the needs of the cultivating and the labouring classes while the joint stock banks serve the needs of industry and trade, though co-operative banks can also be so developed and organised as to serve the needs of trade and industry in due course. Viewed from this standpoint the real difference between the two kinds of banks seems to lie in the type of borrowers and the consequential variations in their methods of dealing with them. "In a co-operative bank the borrowers have a predominant voice, if not the sole voice, in determining the terms and conditions on which they obtain credit. In other words, they borrow from institutions managed by themselves and do not feel the humiliation of those who approach an outside creditor for a loan." Apart from this ideological difference the fact remains that co-operative banks spread the services of the modern financial machinery to sections of the population which otherwise remain outside the scope of banking. It may not be out of place to point out here that our past experience shows that joint stock banks are not likely to change their present outlook in regard to financing of agriculture. These banks not only look upon the security offered by an agriculturist for a loan as unsound having regard to the fact that Indian agriculture is often a gamble in seasons, but are also reluctant to cut up their resources into numerous tiny loans to be recovered in instalments spread over fairly long periods. As matters stand at present in our banking system the joint stock banks are more concerned with supplementing the resources commanded by them in the large cities by draining the surplus wealth of smaller towns and even rural areas into the cash chests of their head offices to finance large business—trade, commerce and industry. ↗ The aim of the co-operative credit banking is just the opposite. It tries to collect the surplus wealth of urban India in order to distribute it through its financial distributary system in rural India "sending it in rills over a broad surface, so that the irrigation may be perfect and reaching every root to be watered."

Our Financial Structure.—The ✓ financial structure of the co-operative movement is, broadly speaking, federal in its conception. The rural credit society is the foundation stone of the credit structure. As Mr. Wolff graphically observes "it is the local society—the single brick at the bottom layer upon which the intended fabric has to rest—which makes for the safety of the organisation." In order to strengthen the primary credit societies operating in a specified area they are usually federated into central financing institutions known as central banks and banking unions. Higher up still the central banks in their turn are federated, in most British provinces and some Indian States, into their own apex organisations called provincial banks. There are, however, certain types of co-operative credit agencies which, in my opinion, do not at present exactly fit into this federal structure. The urban banks, though they have no separate central and provincial organisations of their own and occasionally derive a portion of their working capital from the central or provincial banks, have not yet come intimately into the co-operative credit structure as a whole. The

stronger of them are self-sufficient and command their own resources and the smaller ones actually compete for their working capital with the local central banks by offering higher rates of interest on deposits. They borrow and invest elsewhere if they can do so on more favourable terms than those offered by central banks and go to the central co-operative credit institutions only if they *must*. Similarly in the case of land mortgage banks though in some provinces they derive their working funds from the provincial co-operative banks they are credit institutions of a type by themselves. Where a provincial bank provides land mortgage credit, it does so through a separate and distinct long term credit section and does not mix up this sort of credit with the normal co-operative credit. Moreover, the tendency now is to set up separate provincial organisations for them. After all, land mortgage banks are only quasi co-operative and not fully co-operative. Co-operation is not a marked and decisive factor in them and the human element is much less pronounced, for the main security that is looked to is the agricultural land of the borrower and its income. But they have certain well-defined elements of co-operation in them.

There are critics who point to several flaws in our financial structure. But they forget the fact that we did not start with a plan to give a structural or functional perfection to the co-operative credit organisation, as we find it to-day, and that its growth in all the provinces did not follow the same course. In some cases it was built from cone downwards, and in others from base upwards, if there was any 'building' at all. The juridical and functional relations that now subsist between the primary societies, the central banks and the provincial banks in any province may not be such as to make them real integral parts of a closely knit organisation. The central banks have no control over the operations of the primary societies affiliated to them. The position of the provincial banks in relation to their member institutions is much the same. In spite of all these defects and weaknesses, I claim that our structure is on the whole federal, and we are approximating to that ideal more and more with the advance of time. The fact that the Reserve Bank of India has lately recognized co-operative central banks as branches of the provincial banks for purposes of remittance facilities shows that our credit units are being recognized as component parts of an integral financial machinery. The strengthening of our two All-India Co-operative Associations will help us to consolidate this position further.

CO-OPERATIVE FINANCE

A. Rural Credit Societies.—The proper role of the rural credit society in the scheme of co-operative finance has now been practically settled, after a prolonged controversy, in favour of the idea that it can safely and usefully provide only short and medium term credit. Loans for long term purposes such as discharge of prior debts are no longer advanced by these societies. In some provinces the caution is carried to the extent of advancing only crop loans, that is to say, loans for cultivation expenses through these societies cutting out all other varieties of credit.

The question of converting rural societies into multi-purpose societies with the addition of accessory functions is one which is engaging increasing attention. In the United Provinces, according to the latest administration report, about 1,000 rural societies have been transformed into what are called rural banks with limited liability. But the prevailing type is the unlimited liability society on the Raiffeisen model.

In the year 1939-40 there were in British India and Indian States, 1,18,744 agricultural societies of which 1,01,401 or 85 per cent were credit societies. Their total membership was 41 lakhs and their aggregate working capital Rs. 30.5 crores. The working capital consists, broadly speaking, of owned capital and borrowed capital. Owned capital consists of paid up share capital and reserve and other funds. The aggregate paid up capital of these societies was Rs. 4.08 crores and the reserve and other funds Rs. 8.27 crores. The owned funds thus represent 40 per cent of the working capital—share capital 13 per cent and reserve and other funds 27 per cent. There is, however, some weakness in the figures relating to the owned capital. In some provinces the reserve funds are allowed to be used by the societies in their own business as part of the working capital. Moreover, the reserve funds have been, in many cases created without adequate provision for bad and doubtful debts. As there is no periodical writing off of bad debts and utilising the reserve fund for so writing off, the reserve fund is, in fact, a reserve account which is being diminished by the accumulation of irrecoverable debts on the other side which represent losses, to meet which reserve funds are intended. No satisfactory attempt has been made in any province, so far as I know, to assess the real present worth of the so called reserve fund. In the data collected in connection with rehabilitation schemes some idea is being given of the real value of reserve funds. Again, the assets of the co-operative societies consist mainly of the loans outstanding against their members. In so far as heavy overdues have accumulated such assets have become frozen. In certain provinces, particularly in Bihar, Orissa, Bengal, Berar and certain parts of Central Provinces proper, the position is serious. It may be said that the credit co-operative movement there has nearly collapsed. The position is not so bad in other provinces but not quite sound anywhere. This can be seen from the audit classification of societies in the several provinces as well as number of societies under liquidation and amounts involved therein.*

There has been considerable reduction in fresh finance of the societies. It fell from Rs. 12.35 crores in 1928-29 to Rs. 6.7 crores in 1938-39. There has been a slight improvement in 1939-40 when it rose to Rs. 7.44 crores. The recent legislation intended to afford relief to agricultural debtors by setting up conciliation boards and enacting measures for regulating and controlling money lending have also had the effect of curtailing credit hitherto available to the members of the co-operative societies. But except perhaps in Madras, Bombay, the United Provinces and

* See statements on pp. 115-116.

the Punjab the co-operative credit societies were not in a position to meet the additional demands on them for credit.

B. Central Banks.—In the year 1939-40 there were 594 co-operative central banks and banking unions in India—484 in British India and 110 in the Indian States. The Punjab has the largest number of central banks, 120; Bengal has 117; United Provinces have 70; Bihar and Orissa together have 68. The total number of banks in these five provinces is 375 out of 484 in British India. Central Provinces have 35, Assam 20, Bombay 11 and Madras 30. Their membership consisted of 1,04,000 societies and over 80,000 individuals. Their aggregate working capital was Rs. 29·21 crores of which the paid up share capital amounted to Rs. 2·65 crores and the reserve and other funds to Rs. 4·20 crores. The borrowed funds amounted to Rs. 22·36 crores or 77 per cent of the working capital. While central banks in the provinces of Madras, Bombay and Central Provinces and Berar operate over comparatively large areas—often a whole revenue district, those in Bengal, Bihar, Orissa and the Punjab operate over much smaller areas. What has been said about reserve funds of the primary societies applies to some extent to the reserve funds of the central banks and banking unions also. The loans outstanding in the year 1939-40 from their members that is, societies and individuals, amounted to Rs. 19·74 crores. Taking the figures for India as a whole it will thus appear that the central banks and banking unions lent out nearly 90 per cent of their borrowed funds as loans, to their members. The charge of over-trading brought against the co-operative financing banks by the Reserve Bank seems to be well founded, taking India as a whole. But in some provinces the position is not unsatisfactory and the standards laid down by the Reserve Bank more or less have been maintained, in regard to utilisation of the working capital.

C. Provincial Banks.—There are provincial co-operative banks in 8 provinces in British India—out of the 11 Governor's provinces, United provinces, North-West Frontier Province and Orissa have no provincial co-operative banks. In regard to the Indian States the apex co-operative banks in Mysore and Hyderabad alone are recognised as provincial co-operative banks for purposes of statistical information hitherto published by the Government of India and now by the Reserve Bank of India. The total working capital of these provincial banks in India amounted to Rs. 13·14 crores at the end of 1939-40. The position in regard to the provincial banks in India can be seen from the following statement :—

(Figures in lakhs of rupees)

Provincial Bank	Owned Capital	Borrowed Capital		Total Working Capital	Percentage of owned capital to working capital
		Deposits from Co-op. Societies	Other deposits, loans, etc.		
Bengal ..	54.77	61.72	169.88	286.37	19.12
Madras ..	33.90	83.01	135.54	252.45	13.42
Bombay ..	33.42	94.46	109.49	237.37	14.09
The Punjab ..	28.44	71.00	50.06	149.50	19.00
C.P. & Berar ..	19.75	10.02	106.99	136.76	13.45
Bihar & Orissa ..	14.21	9.34	66.11	89.66	15.84
Sind ..	19.34	20.14	45.74	85.22*	22.69
Assam ..	1.59	—	1.82	3.41	46.62
Hyderabad ..	14.64	1.21	26.04	41.89	34.95
Mysore ..	4.96	5.19	20.27	30.42	16.29

*This has increased to over a Crore of rupees by 30-6-1941.

The position in regard to the reserve funds in provincial banks necessarily depends upon the solvency of their affiliated central banks whose solvency in its turn depends upon that of their affiliated primary societies. So in provinces where the co-operative credit movement is in a state of collapse, the financial position of the provincial banks has also been affected. The total loans outstanding against their members was round about Rs. 7 crores at the end of 1939-40. In some provinces, particularly in Bengal and Bihar, the percentage locked up in their loans was much higher—over 80 per cent in Bengal and 96 per cent in Bihar. I dealt with the origin, progress and the present financial position of the provincial banks in British India in an article contributed by me to the second quarter's issue of the *Indian Co-operative Review*, 1941, which gives detailed information regarding their operations in the several provinces. There are, what may be also technically called, provincial co-operative banks for supply of long term land mortgage credit in certain provinces and States, as for instance, in Madras, Bombay, Orissa and Mysore.

D. Land Mortgage Banks.—There are no consolidated figures to show the operations of these banks in India as a whole. There are central or provincial land mortgage banks in Madras and Bombay in British India, and they finance primary land mortgage banks which are affiliated to them. Among the Indian States, Mysore, Baroda and Cochin have made some progress in regard to land mortgage banking. In the province of Orissa there is a provincial land mortgage bank registered, but it finances individuals directly through its branches as there are no primary land mortgage banks. Land mortgage banks in the Punjab, which was the first province to start them, have practically ceased to work and they are in a process of gradual liquidation. In the provinces of Bengal, the United Provinces and Assam and Ajmer Merwara also there are some

land mortgage banks. Those in Bengal derive their funds from the Bengal Provincial Co-operative Bank and the others from deposits from public and by loans from central banks and societies. In the Central Provinces land mortgage banks have made some progress and the Provincial Co-operative Bank of Central Provinces and Berar finances the land mortgage banks. It issues debentures and operates through a separate long term credit section. It has been said that the operations of the debt conciliation boards had an adverse effect on the working of these banks in the province.

Some important problems connected with land mortgage banks are still outstanding. The most important of them is the question of Government guarantee for debentures. In Madras, two possible limits are suggested; one is a limit of Rs. 5 crores which will be reached soon, in about 2 years; the other is the period required for the Central Land Mortgage Bank to build up paid-up share capital and reserves at least to the extent of 1/10th of its working capital. This is expected to be reached in about 8 years time from now. With a view to hasten the period, the rate of interest charged to ultimate borrowers is now raised to 6½ per cent and the dividend on shares is limited to 1 per cent above the interest paid on debentures. Another important question is the grant of 2nd loans for land improvement and other necessary purposes, for it would be inadvisable to let those who have already borrowed from the Land Mortgage Bank go to an outside creditor for such purposes. A third question is how to correlate the activity of the rural credit societies and the primary Land Mortgage Bank. The 13th Registrars' Conference held in 1939, recommended that the rural credit society should have a priority in respect of the first charge on the crop for its loan and to that extent the first charge of the land mortgage bank on the crop should be postponed.

The following tables show the operations of provincial and primary land mortgage banks in the provinces and States where they have made some progress :—

*Operations of Provincial or Central Land Mortgage Banks
in India, 1939-40*

Name of Province or State	No. of members	Paid-up Share Capital	Reserve and other Funds	Debentures in Circula- tion	Other borrowings	Loans out- standing	Net profit
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Madras*	574	9,35,100	5,50,426	2,43,26,300	14,92,533	2,41,48,955	2,41,409
Bombay	704	4,46,300	12,848	25,36,000	17,758	23,88,608	18,001
Orissa	221	55,564	nil	nil	nil	53,568	2,158
Mysore	207	1,09,900	31,780	10,91,700	nil	11,32,879	19,327
Cochin*	2,425	81,650	37,758	15,00,000	71,505	17,54,557	12,259

* These figures relate to the year 1940-41.

- Y.B.—2

Operations of Primary Land Mortgage Banks in India, 1939-40

Province or State	No. of Banks	No. of members	Paid-up share capital	Reserve and other Funds	Loans and Deposits held at the end of the year.	Loans issued during the year	Loans out- standing	Profits
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Madras	119	55,575	15,36,737	2,32,182	2,21,23,954	42,56,750	2,22,08,678	1,02,820
Bombay	17	9,089	2,99,576	12,848	25,88,533	5,90,442	27,01,500	3,877
C.P. & Berar	21	5,874	1,16,999	*	12,57,796	2,62,122	13,03,394	4,934
U.P.	5	701	28,996	6,406	1,54,237	49,842	1,86,374	*
Bengal	5	2,482	47,499	5,002	5,12,713	1,23,270	6,02,064	5,941
Assam	5	1,818	88,359	84,591	2,64,577	2,250	2,60,752	*
Baroda	2	2,126	1,51,175	23,800	5,38,000	1,29,050	5,89,491	20,230
Mysore	42	5,861	1,25,270	12,573	10,74,867	2,17,303	10,75,471	6,656

*Figures are not available.

E. Urban Credit Societies.—These fall broadly speaking under two heads—urban banks and salary or wage earners' societies. While consolidated figures are given for non-agricultural credit societies operating in British India and Indian States, separate consolidated figures for urban societies and banks, which are comprised in non-agricultural credit societies, are not available. There were 16,747 non-agricultural societies at the end of the year 1939-40 with a working capital of Rs. 27.7 crores. From the figures already given in respect of agricultural societies whose number is 1,18,744 with a working capital of Rs. 30.51 crores at the end of 1939-40, it will be seen that the non-agricultural societies, though they cater to a much smaller proportion of the population and their number is only about 1/7th of the agricultural societies, the magnitude of their financial operations is almost equal to that of agricultural societies. Apart from this quantitative test the urban societies can be said to be also financially sounder because the percentage of their outstanding loans locked up in overdue amounts is much smaller than that of the agricultural societies. Urban banks have shown greater development in Bombay and Madras where almost all important towns are served by such banks. Another feature of these banks which is noteworthy is that the urban banks work mostly on their owned capital and deposits attracted by themselves from members and non-members. Their borrowings from the financing banks, that is to say, central banks, banking unions or provincial banks constitute a minor proportion of their working funds while such borrowings constitute a major proportion of the funds of the agricultural societies. From the statistics published by the Reserve Bank of India for the year 1939-40 in regard to co-operative banks, it will be seen that the number of big urban banks is

very small; the number of those with a capital of between Rs. 1 lakh and Rs. 5 lakhs is 19 and of those with a capital of Rs. 5 lakhs and over is 5.

NON-CREDIT CO-OPERATION

Important types of non-credit co-operative institutions may be classified under three main heads: 1. Consumers' Stores, 2. Sale Societies, and 3. Special Types of Societies.

CONSUMERS' STORES

There are consumers' stores in most of the provinces and States. But nowhere have they made any marked progress on anything like the scale of development attained in western countries. Even in Madras where the store movement is believed to have made comparatively greater progress, the Madras Committee on Co-operation, 1939-40 recorded their finding in the following words: "the history of consumers' or distributive co-operation in this province, with the single exception of the Triplicane Stores has not been a record of success." In a general survey of the consumers' movement in India as a whole, the provinces of Madras and Bombay in British India and Mysore and Cochin in Indian States may be specially mentioned. In Madras there has been a rapid expansion of the store movement recently. Their number increased from 85 to 237 during the year 1939-40. There was an addition of over 100 to them in the co-operative year ended with 30th June 1941 bringing up the number to about 400. Their transactions increased by 50 per cent in the year 1939-40: that is to say from Rs. 23·7 lakhs to Rs. 35·6 lakhs, and there was an increase of nearly Rs. 25 lakhs in the sales in the co-operative year 1939-40. This means, in the two years there was a quadrupling of societies and trebling of sales since 1938-39. Some attempts have also been made to start special societies for the benefit of the working classes, who are affected most by increased cost of living due to rise in prices. Fifteen special stores were organised for textile and other mill workers in the three industrial districts of Coimbatore, Madura and Tinnevely. Inquiries made in Madura show that the workers in the Madura mills have gained 18 per cent by the purchase of food stuffs from their stores. In some areas, particularly in Madura district, stores have been federated into a wholesale society for the purchase of their requirements in bulk. The Madura Ramnad Co-operative Wholesale Society is said to have had transactions to the tune of Rs. 4 lakhs in the first year. Similar wholesale societies seem to have been organised in Tinnevelly and Coimbatore districts also.

Sufficient time has not elapsed to assess correctly the future prospects of these stores. An experienced and well-informed retired officer of the department recently wrote to the press doubting the chances of success of these wholesale societies and even questioning the need for them in centres where trade in commodities intended to be stocked by the wholesale societies has already been well developed, particularly in view of the fact that wholesale and retail merchants worked on very slender margins, making it difficult for a co-operative store to

compete with them. I feel that the expansion has been too hasty to be sound and well planned, and that the artificial stimulus given to it by the conditions brought about by the war resulting in pushing up of prices and by the departmental drive may not survive the transient conditions which now exist. In any case, the uneconomic and the undercapitalised new stores, of which I understand there are several, will have to be weeded out soon and I am reliably informed that the process of liquidating some of them has already commenced. The Triplicane Stores is of course still the outstanding example of the successful stores in Madras. At present, that is to say in December 1941, there are 31 branches and two part time depots attached to hostels of two medical colleges. It has a membership of 6,724 and the monthly sales are round about a lakh of rupees. It has built up a reserve fund of Rs. 1,08,250 and a common good fund of Rs. 37,587. It is proposed to open 25 more branches in new areas with government financial aid to meet exigencies created by the War.

Bombay had 30 consumers' stores at the end of 1939-40 with sales amounting to Rs. 6 lakhs during the year. The most recent and in interesting experiment in consumers' co-operation made in Bombay was the organisation of the Medical Practitioners Co-operative Consumers' Society of Bombay with a membership of 250 medical practitioners. The society arranges for the purchase of medicines and drugs at reasonable rates to registered medical practitioners.

In Mysore at the end of the year 1939-40 there were 22 stores with a membership of 17,000 and a working capital of Rs. 22 lakhs. They purchased goods to the extent of Rs. 15.2 lakhs and sold goods worth Rs. 16.3 lakhs in the year. Most of the stores in the State are situated in the cities of Mysore and Bangalore.

In Cochin there were 17 consumers' societies with a membership of 1,294 and their transactions (purchases and sales) amounted to Rs. 9.3 lakhs in the year 1939-40.

Generally speaking in Madras and Bombay the stores work on cash sale basis. The stores in Mysore allow credit. Some fundamental questions like sales at less than market rates, sales to non-members and sales on credit, which are supposed to be in conflict with the orthodox principles of the Rochdale pioneers, are not yet finally settled. The store movement in India is largely confined to middle classes unlike that in western countries which is essentially a working class movement.

A number of students' stores have been organised in most of the Indian provinces and States. Some of these stores, besides securing economy in the purchase of students' requisites, train students in business methods and also manage their affairs co-operatively. In Madras a provincial co-operative stationery stores has been registered and is working.

SALE SOCIETIES

The problem of organisation of the sale of the agriculturists' products is really a part of the large-drawn problem of co-operative marketing. By advice, demonstration and improvement in the quality of the seed and education in the proper use of suitable manures, the Agricul-

tural Departments have tried to help the ryot to produce more and better quality of products. The co-operative organisations tried to help him with the sinews of war against lack of capital and credit, by providing him with regulated productive credit. But neither of these two agencies sufficiently interested itself in helping the agriculturist to realise a better price for his products. The development of co-operative marketing was comparatively a more recent phase of the co-operative movement. The ultimate aim of production and sale, purchase and sale and loan and sale societies is to bring about a change in the present methods of unorganised individual marketing of crops by the agriculturists. The grant made by the Government of India for rural uplift was partly used by provincial governments for making subventions to sale societies and rural credit societies to construct godowns for the storage of produce. Loans advanced from the Government of India subsidy are made repayable in 20 to 30 years and 25 per cent of the estimated cost of building of the godowns is given as a free grant in Madras. Recently the subsidy was raised in some cases to 50 per cent. The question of continuance of this form of financial assistance, after the Government of India grant is exhausted, is a serious one and the Madras Committee on Co-operation, 1939-40 recommended that loans for the construction of godowns and free grants up to 25 per cent of their cost should be continued by the provincial government. Similar grants are now made by other provincial and State governments also. The loan and sale society is the most common type in Madras. It advances loans against produce in order to help the agriculturist to hold up his produce for a favourable market. He utilises the loan for the payment of Government revenue and meeting domestic necessities and other urgent purposes pending the sale of his produce. These societies are being encouraged to develop marketing of the produce pledged with them and transform themselves into real sale societies.

The most important type of sale societies in Bombay is the cotton sale society. Societies for the marketing of sugarcane are the most noteworthy type of such societies in the United Provinces to help the growers both in production of better varieties of cane and in obtaining better price for their cane. There are also societies for production and marketing of such products as potatoes, cereals and fruits in the United Provinces. Cane-growers' societies are also organised and developed in Bihar which like the United Provinces is a sugar producing province.* Societies for the sale of paddy, sugar-cane and fish are the type that are being developed in Bengal. Efforts are being made to organise co-operative marketing in the Punjab, Central Provinces and Berar. Among the Indian States similar efforts are being made in Hyderabad, Mysore, Travancore, Cochin and Baroda.

SPECIAL TYPES OF SOCIETIES

There are several types of societies in British India and Indian States which come under this head, and it is obviously beyond the scope of a

*Detailed accounts of the working of cane-growers' societies in the United Provinces and Bihar are published in the October-December issue of the *Indian Co-operative Review*, 1941.

brief general survey like this to attempt to deal with them all. Special mention may, however, be made of the following types of societies: (1) consolidation of holding societies, (2) handloom weavers' societies, (3) milk supply societies and unions, (4) insurance societies, (5) house building societies and (6) better living and better farming societies. The Punjab leads in the matter of consolidation societies and Madras in handloom weavers' societies.

Consolidation of Holding Societies.—In the Punjab the movement for the co-operative consolidation of holdings began in the year 1920-21 and by the end of the year 1940 there were 1,506 societies. The total extent of land holdings consolidated up to the end of that year was round about 13 lakhs of acres. During that year 1.44 lakhs of acres were consolidated. The Government have provided special trained staff of inspectors to carry on propaganda in order to persuade holders of fragmented pieces to consolidate. In the Central Provinces and Berar also there has been a fair amount of consolidation work, but it is not through co-operative societies. The work is carried on there by a special staff of the Government under a special Act which provides for a measure of compulsion. The only other province which requires mention is the United Provinces. There too certain amount of consolidation work is done through co-operative agency. In Madras, recently efforts have been set on foot to start a few consolidation societies but the progress made so far is negligible.

Handloom Weavers' Societies.—A real impetus to the development of handloom weaving industry has been given since 1935 when the Government of India made grants to the provinces, to be spread over 5 years, for subsidising the industry in order to arrest its deterioration. Considerable progress in organising weavers' societies has been made in Madras. Handloom weaving industry furnishes wholtime occupation for a large number of artisans as well as part time subsidiary occupation for the families of agriculturists. It is estimated that there are at least a quarter of a million handlooms in the province of Madras providing occupation for about a million people. The Madras Handloom Weavers' Provincial Co-operative Society was started in the year 1935, and 181 weavers' societies were members of the provincial society at the end of the year 1940-41. There were 6,000 looms at work in the societies and the number of weaver-members was 12,840. The provincial society, besides subsidising the affiliated societies to meet the cost of management in the initial stages, arranges for supplies of yarn and makes advances against finished goods. It provides technical advice to societies in improving the patterns and in marketing of goods. It maintains a calendering and finishing plant. The value of the finished products sold by the weavers' societies in Madras exceeded Rs. 12 lakhs in the year 1940-41.

In Bombay at the end of the year 1939-40 there were 39 weavers' societies. Eight industrial unions were organised for improving and marketing of handloom products with the aid of the Government of

India subsidy. In some provinces the weavers' societies are classified as industrial societies for which alone figures are available.

The position of handloom weavers' societies all over India has now become precarious in spite of the attempts to help them by reason of the enormous rise in the prices of yarn. Unless the Government of India finds a solution to this problem, the industry may be threatened with extinction very soon.

Milk Supply Societies.—The provinces of Bengal, United Provinces and Madras deserve special mention in regard to co-operative milk supply unions and societies. Societies which are organised in centres where milk is produced are generally affiliated to a milk supply union situated in the urban area in which the distribution and sale of milk takes place. The Calcutta Milk Supply Union is not only a pioneer in this line in India but one of the largest. In the year 1939-40 it had 126 societies affiliated to it and sold during the year milk and milk products worth Rs. 3·10 lakhs.

In Madras in 1939-40 there were 88 milk societies and 15 unions. The Madras Co-operative Milk Supply Union had 14 societies affiliated to it. In the city of Madras it had 44 depots for the sale of milk and in the year 1939-40 it sold milk and milk products worth Rs. 2·83 lakhs. The value of the milk sold by milk societies directly was Rs. 3·89 lakhs and that by milk supply unions was Rs. 4·73 lakhs. In the United Provinces, the Lucknow Milk Supply Union is the most important. Thirteen milk supply societies are affiliated to it. The Union in the year 1939-40 is said to have handled milk which amounted to 11,450 maunds of which 1,835 maunds were turned into butter and ghee. The sales, it is said, fetched Rs. 55,202 during the year. In the year 1940-41 it handled 11,468 maunds of milk besides manufacturing and selling 87 maunds of butter. There were also 7 societies in Allahabad and one each at Benares and Unao.

Insurance Societies.—Co-operative Life Insurance Societies have made tangible progress in the provinces of Bombay and Madras in British India and Hyderabad among the Indian States. The Bombay society was started in 1930. The society secured in the calendar year 1940 new business of Rs. 37,58,600 and its business in force at the end of that year was Rs. 1,03,99,138. The Society built up Life Fund amounting to Rs. 8,89,552 by 31st December, 1940. The South India Co-operative Insurance Society of Madras was registered in 1932, and in the calendar year 1940 it secured new business of Rs. 17·5 lakhs. The total business of the Society in force on 31-12-1940 was Rs. 72 lakhs and the Life Fund on that date amounted to Rs. 7,46,421. The Bengal Co-operative Insurance Society which was started originally as a provident society, and subsequently converted into a regular life insurance society, has not made similar progress. It wrote on its books new business to the tune of about Rs. 4·75 lakhs in the year 1938-39; but the new business in 1939-40 dropped to Rs. 11,000. The Co-operative Insurance Society of Hyderabad (Deccan), during the

year 1939-40, issued policies amounting to Rs. 15·8 lakhs and the total business in force at the end of that year was Rs. 38·2 lakhs. The Baroda Insurance Society accepted during the year proposals for new policies to the extent of Rs. 1 lakh. In Indore State also there is a co-operative life insurance society. The total amount of insurance effected was Rs. 2,72,000. It is said that the working of the society is stagnant and that it is now linked up with the Bombay Co-operative Insurance Society for resuscitation.

In Madras recently a Co-operative Fire and General Insurance Society embracing branches of insurance other than life, such as fire, motor, accident, fidelity guarantee, etc., has been registered and has just commenced operations. The Madras Provincial Co-operative Bank, some of the central banks and loan and sale societies which are interested in advancing loans against produce are expected to utilise the services of the society to cover their risks.

House Building Societies.—These societies have made some progress worth mentioning in Bombay and Madras. In Bombay there were 99 societies at the end of the year 1939-40, with a membership of 6,787 and a working capital of Rs. 120 lakhs. The bulk of these societies, i.e., 55 were in Ahmedabad. While in Madras the Government is the principal financing agency of the housing societies, in Bombay substantial portions of the working capital are derived from co-operative banks and commercial insurance companies. In Madras at the end of the year 1939-40 there were 122 housing societies with a membership of 4,647. The loans from Government outstanding at the end of that year amounted to Rs. 21·61 lakhs.

Better Living and Better Farming Societies.—These types have been developed in the Punjab and in the United Provinces. They are really efforts in the direction of rural reconstruction. In the Punjab which was the first province to develop better living societies, attention was mainly concentrated on reduction of expenditure on marriages and other ceremonies. The better living societies in the United Provinces are under the supervision of the Rural Development Department which received considerable encouragement and impetus during the regime of the Congress Ministry. Bengal also seems to be developing these societies. The cane growers' societies in the United Provinces and Bihar are illustrations of better farming societies. The agricultural improvement or agricultural demonstration societies in Madras interest themselves in the distribution of improved varieties of seed and manures among their members. They derive benefit by the advice of the Agricultural Department.

SUPERVISION, EDUCATION AND AUDIT

Supervision, education and audit are subjects which, in my opinion, do not lend themselves to an All-India treatment in the course of this article. Each province has its own arrangements and

a general account of it without provincial details will be both inaccurate and misleading.

Supervision, generally speaking, is in the hands of the non-official agencies except in a few areas and in the case of very special types of societies. Every where there is a demand for improving the system of supervision, for the proper working of the societies largely depends upon the efficiency of supervision.

Co-operative education and training of the departmental staff, employees of co-operative organisations and panchayatdars and members of primary societies is, generally speaking, in the hands of Departments of Co-operation, though the services of non-official organisations are utilised in some cases and for certain purposes. The Punjab leads in the matter of co-operative education and training. The scheme for the establishment of a full-fledged college of co-operation which was recommended by the All-India Co-operative Institutes' Association has not yet been realised in any province and its advantages and disadvantages are still matters of discussion.

Audit is the statutory duty of the Registrar and whatever may be the agency employed in auditing societies, the audit certificates are issued by the Departments of Co-operation. The only noteworthy exception is the Punjab where the Registrar has authorised the staff of the Punjab Co-operative Union to do the work of audit. The Provincial Union is authorised to levy contribution from societies to cover the cost of the audit. Practically in all other provinces audit is conducted by the auditors who are employees of the Co-operative Department though in the cases of larger societies, that is, the Provincial Banks and big central and urban banks, audit is permitted to be done by certified auditors or registered accountants who are not employees of the Department. Audit fees are levied from the societies which are audited. In Madras, however, all rural credit societies and limited liability credit societies with a working capital of less than Rs. 20,000 are exempt from audit fees.

There is a growing co-operative opinion on the need to completely dissociate the function of audit from the Co-operative Department which is responsible for administrative control over the co-operative societies. The Madras Committee on Co-operation, 1939-40 recommended that "the entire audit staff of the department should be constituted into a distinct branch: that there should be a differentiation right through between the administrative branch and the audit branch of the Department except in the person of the Registrar who will be the head of both the branches." But it has fallen short of the requirements in the view of many who think that the Registrar should not be the head of the audit department. There is much to be said in favour of this reform.

LEGISLATION

It is well known that after a great deal of preliminary investigation the co-operative movement was introduced into India by Act X of X.B.—3

1904 which was modelled largely on the English Friendly Societies' Act and restricted to primary credit societies. Statutory provision for organisation of other types of co-operative institutions was made by the later Act II of 1912 which replaced Act X of 1904. After the introduction of the diarchical form of Government in the provinces under the Government of India Act, 1919, the provinces were given the option either to be governed by the Act II of 1912 or to pass their own Acts. A few provinces have availed themselves of this option to enact provincial legislations. Bombay was the earliest with its Act VII of 1925; next came Madras with its Act VI of 1932; then followed Bihar and Orissa with the Act VI of 1935; then came Coorg with its Act II of 1936 and the last was Bengal with its Act XXI of 1940. The Co-operative Societies Act II of 1912 is still in force in the rest of the provinces. The tendency of this provincial legislation has been on the whole to strengthen official control over the movement. Moreover, extensive use is made of rule-making power under these Acts to further strengthen the official control by what may be called executive legislation without the control of the legislature. There is need for not only strictly limiting this power but also for providing for rules made under these Acts being placed on the table of the Provincial Legislature with opportunities to the Legislature to veto or modify the same. The Indian States have got their own Acts which are largely modelled on the Co-operative Societies' Act, II of 1912 and later on amended on the model of the Acts in force in the neighbouring British provinces; for instance, the Acts of Mysore, Travancore and Cochin are modelled on the lines of the Madras Act.

I always felt that the Co-operative Societies' Acts in force in British India and Indian States were framed with the Registrar as centre of the picture and not the society. They should be redrafted, if the movement is to make any real advance as a popular movement, on an entirely different basis. The society has to be made the centre of the picture. The Registrar's powers should be closely defined so as to preserve the essentially democratic and popular character of the movement. As matters stand at present, the responsibility for the management of the co-operative institutions and the conduct of the movement is on non-official shoulders. The power of control and direction is, however, in official hands. As has been observed in regard to several spheres of administration, it is our common experience that in any department of administration, power without responsibility has a way of growing till the line of demarcation between use and abuse becomes almost obliterated. This state of things must be ended in respect of the co-operative movement and the sooner it is done the better. If the provincial governments are really anxious to allow the co-operative movement to play its proper role in the economic organisation of the rural and urban classes, they have a special responsibility in regard to the reform of the legislative and administrative machinery which now imposes heavy shackles on the movement.

The advocacy for more and more spoon feeding and larger and larger doses of official control is based on the plea that the members

of our societies are lacking in character and capacity to manage their own affairs. I repudiate this charge as utterly baseless without at the same time, attempting to minimise the failings or hesitating to own up the faults of non-official co-operators. No Registrar can play the role of a philosopher, friend and guide of the movement without having faith in human nature and a belief in the character of the average co-operator and his capacity to manage the affairs of his society. So, much depends upon the proper choice of the Registrars also to administer the Acts.

FUTURE OF THE CO-OPERATIVE MOVEMENT

A correct evaluation of the achievements of the co-operative movement in India is not an easy task. As Sir Frederick Nicholson remarked, "to replace the money-lender by the bank is not to replace indebtedness by solvency. The specific gravity of the debt may be reduced but the mass more than proportionately increased." It is gratifying to note that it is generally recognized now that the co-operative movement cannot make much headway unless our agriculture which is now a deficit economy is transformed into a surplus economy by lightening the crushing burden of land revenue on the peasant and by the pursuit of an enlightened agrarian policy in general by the State. The Reserve Bank of India, in its latest bulletin, rightly observed that the question of agricultural finance is bound up with that of improvement of agriculture so as to render it a more profitable, a less precarious calling and that the co-operative credit movement can flourish only when agriculture prospers. But like some other critics the Agricultural Credit Department of the Reserve Bank of India has characterised the Indian agriculturist as "thriftless, improvident and unprogressive" and argued that the co-operative movement cannot thrive in the midst of such a community. It may be conceded that as in every other community there are some thriftless and improvident in the agricultural community also. Moreover, it is difficult to deny that the troubles of the co-operative movement are not at least partially due to the perversity of man—violation of the moral precepts of co-operation and non-observance of the essential rules of the business code. Nevertheless, I feel that in the main this characterisation of the Indian agricultural community as "thriftless, improvident and unprogressive" is not just and true. I have often tried in the past to establish by reference to relevant facts and figures that the average Indian agriculturist is on the whole an honest and diligent tiller of the soil, whose diet is sparse, whose wants are few and whose standard of living is perhaps the lowest in the civilized world. He lives on the very margin of subsistence. Very often he borrows not because he *can* but because he *must*. His chronic indebtedness is the *result* of his poverty. Without removing the factors which contribute to his chronic poverty, indebtedness cannot be liquidated. The increasing dependence of the population on agriculture, the decline of rural industries which once furnished subsidiary occupations, the oppressive burden of land taxation, the uneconomic system

of land tenure, dependence on overseas markets for sale of raw materials and other indisputable economic factors have contributed largely to the ever growing economic debility of the agriculturist and his proverbial poverty. The aim, therefore, of the co-operative movement must be to improve the economic condition of the masses and to increase their income and purchasing power. Unless there is a genuine sense of identity of political and economic interests between the people and the State, the socio-economic organisation of the masses involving promotion of swadeshi, development of village industries and creation of a sense of corporate life and rural leadership, without which no programme of real recovery will be fruitful, cannot be accomplished. When the conditions for such joint effort of the people and the Government at national reconstruction are forthcoming, the question of finance, the creation of rural bias in our workers and allied problems will find an easy solution.

By the union of forces material advancement is secured and by united action self-reliance is fostered ; and it is from the interaction of those influences that it is hoped to attain the effective realisation of the higher and the more prosperous standard of life, which has been characterised as better business, better farming and better living.

—MacLagan Committee.

THE RESERVE BANK OF INDIA AND CO-OPERATIVE BANKING

By

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The Indian Central Banking Inquiry Committee examined the provisions of the Reserve Bank of India Bill, 1928, and made various recommendations, some of which took into cognizance the proposals that had been made on behalf of the co-operative movement for closer association with the central banking authority of the country. Some of these recommendations are contained in Chapter XXII of the Majority Report, while others are dealt with in Chapter IX on 'Rural Finance' (Co-operative Organization) (Paragraph 191). Some of these recommendations were given effect to by Government and the Central Legislature and find place in the Reserve Bank of India Act, 1933.

The main provisions of the Reserve Bank of India Act which concern co-operative societies and banks are as under:—

(1) Under section 2 (c), provincial co-operative banks are defined as under:

"Provincial Co-operative Bank" means the principal society in a province which is registered or deemed to be registered under the Co-operative Societies Act, 1912, or any other law for the time being in force in British India relating to co-operative societies and the primary object of which is the financing of the other societies in the province which are or are deemed to be so registered; provided that in addition to such principal society in a province or where there is no such principal society in a province the Local Government may declare any central co-operative society in that province to be a provincial co-operative bank within the meaning of the definition";

(2) In the proviso to section 9 (1) (b), in dealing with the constitution of Local Boards of the Bank, it is prescribed that out of the 3 members to be nominated by the Central Board from among the shareholders registered in the register for an area, "the Central Board shall in exercising this power of nomination aim at securing the representation of territorial or economic interests not already represented, and in particular the representation of agricultural interests and the interests of co-operative banks";

(3) Under section 10, which prescribes the disqualifications of directors and members of Local Boards, it is laid down that while other officers and employees of all banks, excluding co-operative banks, are

disqualified, an exception is made in the case of directors of co-operative banks only;

(4) In defining the class of business which the Bank may transact, provision is made for the grant of financial accommodation to co-operative banks under the following sub-sections of section 17:—

2. (b) The purchase, sale and rediscount of bills of exchange and promissory notes, drawn and payable in India and bearing two or more good signatures, one of which shall be that of a scheduled bank, or a provincial co-operative bank, and drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of crops, and maturing within nine months from the date of such purchase or rediscount exclusive of days of grace;
4. The making to States in India, local authorities, scheduled banks and provincial co-operative banks of loans and advances, repayable on demand or on the expiry of fixed periods not exceeding 90 days, against the security of:
 - (a) Stocks, funds and securities (other than immovable property) in which a trustee is authorized to invest trust money by any Act of Parliament or by any law for the time being in force in British India;
 - (b) Gold or silver or documents of title to the same;
 - (c) Such bills of exchange and promissory notes as are eligible for purchase or rediscount by the bank;
 - (d) Promissory notes of any scheduled bank, or a provincial co-operative bank, supported by documents of title to goods which have been transferred, assigned, or pledged to any such bank as security for a cash credit or overdraft granted for *bona fide* commercial or trade transactions, or for the purpose of financing seasonal agricultural operations or the marketing of crops;

(5) Under Section 44, provision is made as under for requiring returns from co-operative banks which obtain accommodation from the Reserve Bank of India in accordance with section 17 and subjecting them to the penal provisions of sections 42 (4) and (5):

“The bank may require any provincial co-operative bank with which it has any transactions under section 17 to furnish the return referred to in sub-section (2) of section 42, and if it does so, the provisions of sub-sections (4) and (5) of section 42 shall apply so far as may be to such co-operative banks as it were a scheduled bank;

(6) In view of the dissatisfaction that was expressed with regard to the provisions made in the Act for dealing with various aspects of agricultural credit, a special section (54) was added, providing for the creation of an Agricultural Credit Department, and another (55) (1) for the submission to the Governor-General-in-Council of a report, within three years from the date of coming into force of that chapter of the Act, on the extension and improvement of the machinery for agricultural credit;

(7) There is no provision for the representation of co-operative interests on the Central Board of the Reserve Bank. The following recom-

mendation, however, was made in that behalf by the Joint Select Committee of the Central Legislature:—

"We considered whether any addition should be made to this sub-clause in the form of a direction to the Governor-General-in-Council as to the manner in which he should exercise his power of nomination; we have been assured that it is intended that this power shall be used to ensure that territorial or economic interests which have not secured adequate representation in the elections shall have such inadequacy corrected by this means. We do not consider it appropriate to embody in the statute any specific provision for the fulfilment of this intention, but we consider that in the instrument of instructions to the Governor-General a passage should be inserted making it clear that this power should be exercised in the general manner indicated above and in particular to secure adequate representation of the interests of agriculture and co-operative banking if these interests had not secured such representation among the elected directors."

The Agricultural Credit Department of the Bank was created in April 1935, simultaneously with its Issue and Banking Departments. Its statutory functions are:

- (i) To maintain an expert staff to study all questions of agricultural credit and be available for consultation by the Central Government, Provincial Governments, the Government of Burma, provincial co-operative banks, Burma co-operative banks, and other banking organizations;
- (ii) To co-ordinate the operations of the Bank in connection with agricultural credit and its relations with provincial co-operative banks and any other banks or organizations engaged in the business of agricultural credit.

As mentioned above, the Bank was required to submit a report to Central Government before 31st December 1937 on the improvement of the machinery for dealing with agricultural finance and on the methods to be adopted for effecting a closer co-operation between agricultural enterprises and the operations of the Bank. A Preliminary Report on Agricultural Credit was published in December 1936, and the Statutory Report was submitted to the Government of India a year later, that is, in December 1937. The following are the main recommendations and suggestions put forward in the Preliminary Report regarding the reorganization of the co-operative movement:—

- (i) Where indebtedness has grown beyond any reasonable capacity of the debtor to pay, the debt must be reduced either in respect of the capital amount or the rate of interest or both
- (ii) Total future liability (after the liquidation of previous debts) of agriculturists might be limited either by fixing it in terms of a suitable multiple of land revenue or on the basis of the average value of the land held in proprietary or occupancy right so as to enable the debt to be liquidated, after providing for the bare necessities of life of the owner (or tenant) and his family, within a period of say 30 years;

(iii) A further safeguard against the excessive credit and evasion of restrictive measures would be to prohibit borrowing from more than one source and we proffer this suggestion for consideration ;

(iv) Co-operative godown and sale societies, if prudently managed,—and they could profitably utilise local business talent to this end—could provide a useful link between the individual agriculturist or the small dealers and the commercial banks. Such societies, by providing a general collective guarantee on the top of the security actually afforded by the produce itself, would make it a commercial proposition for banks to advance both with narrower margins and in larger amounts;

(v) Apex banks, if their directorate is competent to exercise effective control, can provide a useful check over the amount of credit which may be devoted to a particular crop over a particular area, and if properly organized should form a useful channel through which the Reserve Bank could let capital flow to the cultivator and the small dealers ;

(vi) The first step necessary for putting the co-operative movement on its feet is, to disentangle those assets which represent long-term debts ;

(vii) The co-operative central banks must first bring down the debts to a level in which there is a reasonable prospect of repayment out of the profits of agriculture within a reasonable period, say, twenty years. The irrecoverable portion will have to be written off from their reserve and other funds. In certain cases the sale of a portion of the members' property may be necessary.

(viii) Prudently run co-operative societies should make provision for seasons, when members are prevented from repaying their loans by causes beyond their control, by working on a sufficient margin of profit in building up substantial reserve funds ;

(ix) We consider that there should be more practical bankers among those in control of banks in each province;

(x) Overborrowing and undue leniency in the matter of recovery might be checked if adequate representation could be secured to the depositors, either by nomination or other means on the boards of provincial and central banks;

(xi) Loans must be strictly limited to cultivation finance. This should ordinarily mean the expenses in connection with cultivating operations like ploughing, maintenance of the farmer's family till harvest or other urgent purposes like the replacement of cattle or implements, provided such loans can be repaid out of the proceeds of the harvest in a normal year;

(xii) In order that there may be no over-financing, the normal income from the crop and the normal cost of cultivation should be esti-

mated by the co-operative department and the Central Banks. It should be possible to do so with approximate accuracy with the help of the Settlement Reports and the Agricultural and Revenue Departments. The estimate will remain fairly stable from year to year but should be checked and revised if necessary with every year's experience;

(xiii) If loans have to be issued which cannot be repaid in one year, e.g., for the replacement of cattle, such loans should not extend beyond two years and provision should be made for their repayment in equal instalments. Such loans should also be clearly distinguished from annual loans, and should not exceed a comparatively small proportion of the societies' business.

(xiv) All loans must be issued in instalments as money is required for each of the purposes and not in one lump sum;

(xv) If loans are not repaid within the stipulated period, immediate steps must be taken to recover the amount or wind up the society unless there is a crop failure;

(xvi) Extensions should be allowed only in cases of crop failure certified by the Department and then only if there are reasonable prospects of recovery in the near future;

(xvii) The total amount of loans extended owing to crop failure and any other overdues must be shown separately in all accounts, balance sheets and statistics whether of the society, the Central Bank or the Apex Bank;

(xviii) The Co-operative Societies Act might be amended to give them a fixed charge or agricultural charge upon a produce obtained with the aid of loans advanced by them, and to render liable to three months' imprisonment any cultivator-borrower who disposes of his produce without repaying this loan.

Another series of suggestions are contained in the Statutory Report. These may be summarized as under:—

(a) The overdues and long term loans should be separated and put on a proper footing. Overdues should be brought down to a level at which there is a reasonable prospect of repayment out of the profits of agriculture within a reasonable period, say, twenty years, partly by writing them off from reserve and other funds and partly by recovery from sale of part of the member's assets and spreading out the remainder into instalments and transferring them to some special agency equipped to deal with long term credit facilities such as a land mortgage bank. When the funds of the society are not sufficient to cover the losses, it is better to face the facts and to decide what agency can best bear the losses. It is better to follow the bolder policy of deciding at the outset what losses are inevitable and to make provision for recovering the rest in easy instalments.

(b) In order that the societies should be able to grant extensions or remissions in case of crop failures they should build up a strong reserve by keeping an adequate margin between their borrowing and lending rates. We wish to point out the danger of working on inadequate margins and the necessity of accumulating proper reserves as a provision for losses so that the society may be able to be of greater service to the members in times of distress and may not be forced into liquidation or a state of suspended animation as at present on the occurrence of crop failures.

(c) Future loans should be restricted to such sums only as could be reasonably expected to be repaid out of the harvest. Crop loans do not mean loans for cultivation purposes only but include other loans required by the cultivator, so long as they are restricted to an amount which can be repaid out of the harvest and that for such purposes as the purchase of cattle, loans for two or three years might be allowed so long as they are limited to a comparatively small proportion of the societies' business. Our object is to point out the necessity of co-operative societies confining the major portion of their business to strictly short term finance to lessen the chance of the loans falling into arrears and of the society's ability to finance its members in the future being impaired by the freezing of its assets.

(d) The primary society which is the pivot of the whole movement must be re-established and reconstructed on sound co-operative lines, so as to bring the whole life of the cultivator within its ambit;

(e) In order to achieve this purpose, the primary societies should be federated into small banking unions.

(f) The present co-operative commission shop consisting of members belonging to different villages, many of whom never make use of the shop while the rest sell only part of their produce through it, does not serve much useful purpose. A better plan would be to induce societies to take up joint marketing.

(g) We consider that central societies could become one of the best means of ensuring a fair price to the cultivator and establishing contact between him and the money market but we must emphasise the need for preparing the way by small, properly organised local beginnings.

(h) Even if the central bank is to be retained it seems necessary that societies should be grouped into banking unions.

(i) A provincial bank as the apex institution can play a much wider part in the direction and guidance of the movement. It should also serve as the development department for the co-operative movement. By interesting themselves in all activities calculated to tone up, consolidate and expand the movement, the provincial banks will make themselves far more useful than if they restrict their role to finance only.

(j) We consider it essential that those responsible for the co-operative movement in the various provinces should take account of these developments and should remodel their banks accordingly. Co-operative banks must maintain sufficient fluid resources to provide for the withdrawal of deposits. They must also, as in the case of primary societies, maintain a sufficient margin between their borrowing and lending rates not only to meet their expenses but to build up their reserves. All the amount taken towards income must be actually realised and must not include any unrealised or unrealisable interest which has been added to the capital of the loans. Much stricter provision must be made for setting out overdues both of principal and interest in the balance sheet which should specify the maturity of the loans by categories, e.g., under six months, six to twelve months, one to two years and over two years.

(k) The balance sheet must be prepared in such a way as to present a true picture of the condition of the bank and must be published with the punctuality and promptitude now insisted on in the case of commercial banks.

(l) We consider that it would contribute greatly to the health of the co-operative movement if closer contact should be established with first class commercial banks throughout and that those in charge of the movement in various provinces should get into touch with these commercial banks and take their advice in reorganising their business. Closer contact can also be established by co-operative banks making more use of commercial banks of standing for investment of their surplus funds as well as for obtaining credit from them on Government paper or otherwise. Commercial banks might also on their part utilise co-operative banks for the collection of bills in small places where they have no offices of their own.

(m) Co-operative banks must make provision for the training of their existing staff in banking theory and practice. We further think that the provincial and more important central banks would benefit greatly if they could have some professional bankers on their boards.

(n) We consider it highly desirable that arrangements should be made for the person whose debt is to be paid by the land mortgage bank to serve a period of probation with a good primary credit society and that even after the land mortgage bank has advanced him a loan he should continue to be a member of a multiple purpose society so that the regular repayment of his instalments may be ensured by proper supervision of his activities.

(o) We deprecate too exclusive concentration in land mortgage banks on liquidation of old debts to the neglect of the far more important work of supplying finance for the improvement of land which would be productive of permanent benefit to the agriculturist. After all, the main purpose of a long term loan raised on the security of land should be the improvement of land itself.

(p) If people will not come to the banks of their own accord for such assistance it will be necessary for the banks to carry on propaganda for the purpose. They should make known the special facilities which they would be in a position to give for works of improvement, the amount which can be advanced and the instalments with which they can be repaid. Special efforts might be made in selected areas and help might in the beginning be confined to people approved and recommended by co-operative societies.

(q) The local officers of the Agricultural Department could then help the banks in (a) propaganda and education of cultivators in the facilities offered for the financing of land improvement, (b) assistance to cultivators in the preparation of suitable schemes for financing, and (c) examination of the technical aspects of schemes submitted and inspection of subsequent progress after they had been put into effect.

(r) Credit agencies must clearly understand that they must build up their own business on their own resources and on lines which do not involve reliance from day to day on an outside or even the central institution.

(s) Co-operative banks cannot expect the Reserve Bank to supply normal finance or to act as the apex bank of the movement. The Reserve Bank can come into the picture only when the ordinary pool of commercial credit appears inadequate to meet the reasonable business requirements of the country.

(t) The Reserve Bank must retain the discretion to judge for itself the advisability and expediency of granting accommodation according to the circumstances of the time, and cannot make large permanent promises in advance.

(u) Any Reserve Bank will have to insist on provincial banks which are approved for financial assistance maintaining financial statements in certain forms and submitting them periodically.

(v) The Reserve Bank must also have the right to inspect such banks.

(w) Any accommodation granted will be on the credit of the provincial co-operative bank and it will be necessary for such provincial banks to maintain with the Reserve Bank some minimum balance which will have to be prescribed by us from time to time to ensure that they are maintaining sufficient fluid resources.

The Reserve Bank followed up these two reports with the publication of a number of bulletins on different aspects of the co-operative movement. Hitherto, four bulletins have been published as under:—

(1) *Report on the Banking Union at Kodinar.*

(2) *Co-operative Village Banks.*

(3) *Recent Developments in the Co-operative Movement in Burma* with suggestions for their applicability to India.

- (4) *Co-operation in Panjwar*, a village in the Una Tahsil of the Hoshiarpur District, Punjab.

In May, 1938, the Reserve Bank of India issued to all provincial co-operative banks and central land mortgage banks a circular defining the procedure to be followed by co-operative banks while obtaining financial accommodation from the Reserve Bank. In its letter forwarding the circular, the Bank mentioned that it reserved to itself the right of changing the conditions from time to time and calling for additional information or imposing such other conditions as it might deem necessary before granting advances or rediscounts. In the case of crop loans, for instance, it was observed that the Reserve Bank would have to watch carefully the risk of excessive financing in any one area or of any one crop. Along with the circular it also attached a standard form in which balance-sheets might be drawn up. This form, with a few modifications, has now been finally adopted by the Reserve Bank. The following are extracts from the relevant portions of the Reserve Bank circular on the subject:—

"In deciding the question of admission to the list, the Reserve Bank will not be guided merely by the classification of the Bank according to the audit but will consider whether its business is carried on generally on sound banking lines and will in particular pay attention to the following matters:—

- (i) The maintenance of an adequate reserve and fluid resource invested in liquid securities;
- (ii) A strict separation of short term loans repayable within a year and long term loans, the proportion of the latter to the former not being unduly high;
- (iii) The proportion of overdues and bad debts to total loans and the provision for them;
- (iv) A business-like distribution of the assets in cash, investments, short term loans and long term advances;
- (v) The rate of interest paid on deposits;
- (vi) The dividends distributed.

"Provincial co-operative banks admitted as approved banks will have to agree to the following:

- (i) Maintenance of a cash balance with the Bank, the amount of which shall not, at the close of business on any day, be less than $2\frac{1}{2}\%$ of the demand liabilities and 1% of the time liabilities of such bank in India as shown in the special returns to be filed for the purpose.

"Where the headquarters of a provincial co-operative bank or that of a land mortgage bank are not situated at the place where the Reserve Bank has its branches in the Banking Department free remittance transfer facilities will be provided for the maintenance of this account.

- (ii) Preparation and submission of the balance sheet and annual report on the lines laid down by the Reserve Bank;
- (iii) Submission to the Reserve Bank of the Audit Note;

- (iv) Submission of periodical statements prescribed by the Reserve Bank;
- (v) Agreement to allow inspection of the Bank by officers of the Reserve Bank from time to time.

"Financial accommodation will be available under the following heads:—

- (i) Loans or advances against Government securities for periods not exceeding ninety days to provincial co-operative banks and through them to co-operative central banks—Sec. 17 (4) (a). This accommodation will be available at any time subject to the limits and margins which may be laid down by the Reserve Bank.
- (ii) The Bank would be glad to discount Treasury Bills at rates which can be ascertained from the Managers of the offices of the Bank.
- (iii) Similar loans and advances to provincial co-operative banks and through them to co-operative central banks against approved debentures of recognised land mortgage banks which are declared trustee securities, if the bank considers that the debentures are readily marketable.
- (iv) Loans and advances for periods not exceeding ninety days to provincial co-operative banks against promissory notes of approved co-operative marketing or warehouse societies endorsed by provincial co-operative banks and drawn for the marketing of crops—Sec. 17 (4) (c); or rediscount of such promissory notes maturing within nine months—Sec. 17 (2) (b); or loans and advances for periods not exceeding 90 days on the promissory notes of provincial co-operative banks secured by warehouse warrants issued by corporations independent of the borrower or on the security of promissory notes supported by documents of title to goods which have been assigned or pledged as security for cash credits or overdrafts granted by the provincial co-operative bank to approved marketing or warehouse societies—Sec. 17 (4) (d).
- (v) Besides making advances in the manner stated above the Bank will also on occasions be prepared to make advances to provincial co-operative banks for a maximum period not exceeding ninety days against promissory notes of central co-operative banks endorsed by provincial co-operative banks and drawn for financing seasonal agricultural operations or the marketing of crops—Sec. 17 (4) (c); or rediscount of such promissory notes maturing within nine months—Sec. 17 (2) (b). In this case the Bank would require more detailed information regarding the financial position of the central banks whose paper is intended to be rediscounted and the working of the primary societies financed by it. This inquiry will be made with a view to ascertaining how far the loans and advances made by the central banks to the primary societies are liquid or otherwise. For these loans the Bank would obviously have to confine itself to the paper of first class central banks run on sound banking methods."

The following is a further clarification of the conditions under which accommodation can be obtained under section 17 (2) (b) and 17 (4) (c) of the Act:—

- (a) Section 17 (2) (b) requires that bills or promissory notes offered for purchase or rediscount must bear two good signatures, one

of which should be that of a provincial co-operative bank. It is therefore, obvious that the provincial co-operative bank offering bills for rediscount and the central co-operative bank (or marketing society or warehousing society as the case may be) whose second signature appears on the bill or promissory note must be financially sound. In order to judge the financial position of the provincial co-operative bank and the central co-operative bank, the Reserve Bank may need detailed information regarding their working.

(b) The bills or promissory notes which are offered for purchase or rediscount by the Reserve Bank must be maturing within nine months from the date of such purchase or rediscount by the Bank. The bills or promissory notes must be therefore time bills or promissory notes, and must have a fixed maturity. In those Provinces where advances to co-operative banks and societies are made against demand promissory notes, the present practice will have to be modified in future, in any case in the case of those promissory notes which are to be offered to the Reserve Bank for rediscount.

(c) The bills or promissory notes must have been drawn in proper legal form so as to make them fully negotiable instruments. The promissory notes against which advances are made to co-operative societies are at times hedged round with various conditions such as payment of penal interest in case of default, stipulation for repayment of the loan earlier under certain circumstances, acceptance of repayments in small sums before the due date, etc. The promissory notes which are likely to be offered for purchase by the Reserve Bank should be free from such conditions as militate against their free negotiability. In other words, all that is required for obtaining rediscount facilities from the Bank is that the agricultural paper intended to be rediscounted with the Bank should be drawn in the form of a simple usance bill or a usance promissory note drawn by the central bank and endorsed by the provincial co-operative bank and the latter should certify by a separate document that the paper is drawn for financing seasonal agricultural operations or the marketing of crops.

It is mentioned in the brochure on the 'Functions and Working of the Reserve Bank of India' that a certain number of banks have arranged for financial accommodation from the Reserve Bank. It is not mentioned whether accommodation has been arranged in any of these cases on the security of co-operative paper. It is further observed in the same publication that "even in the case of the provincial co-operative banks, the Reserve Bank is not intended to supply normal finance for which the provincial co-operative banks, like the commercial banks, must rely upon their own resources. In accordance with the usual practice of central banks, the Reserve Bank supplies finance only in times of emerg-

*The Reserve Bank has just issued its Bulletin No. 7—*The Review of the Co-operative Movement in India, 1939-40*. It contains a comprehensive survey of the movement in India as well as some useful suggestions.

ency or seasonal stringency. Even in that case the funds advanced by the Reserve Bank are to be repaid within the time limit allowed by the Act and hence provincial co-operative banks cannot make use of them for the purpose of continuing finance."

A detailed circular was issued by the Reserve Bank of India in June 1939 to all provincial and central banks, defining some of the criteria of sound banking which would apply in judging the credit-worthiness of co-operative banks. It also contained suggestions for the reorganization of the movement on banking lines. The following are the suggestions and recommendations set forth in the memorandum :—

(1) It appears desirable that provincial and central co-operative banks should advance loans upto about 50 to 55 per cent of their deposits and invest the remaining assets in cash and gilt-edged securities.

(2) Cash and balances with banks may form about 10 per cent of the deposits.

(3) At least 30 to 40 per cent of the deposits should be invested in Government securities.

(4) We suggest that the provincial co-operative bank in each province should buy and sell Government securities on behalf of mofussil central banks and keep them in their custody earmarked for the account of the central banks concerned. The central banks should be required to hold at least 25 per cent of their fixed deposits, 30 per cent of their savings account and 35 per cent of their current accounts in the form of Government securities and for this purpose to transfer an equivalent amount to the provincial bank which will buy Government securities for them.

(5) The co-operative banks should attempt as a general principle to avoid long term business and where loans for periods longer than nine months are found necessary, care should be taken to ensure that the total amount of such loans does not exceed the paid-up capital and reserves.

(6) To avoid the possibility of fictitious repayments in future, it is necessary that the practice of making recoveries in a lump sum at one time and advancing the whole amount soon afterwards should be stopped.

(7) Generally speaking, the bad and doubtful debts under present conditions should be expected to form at least 75 per cent of the debts due from societies under liquidation, 50 per cent of debts due from D class societies and 25 per cent from C class. Each bank should create a full reserve against bad debts and a 50 per cent reserve against doubtful debts.

(8) Deposit liabilities of co-operative banks as suggested by the MacLagan Committee should not ordinarily exceed 8 times the paid-up share capital and reserve.

(9) We suggest that the interest recoverable from D class societies and on bad and doubtful debts, even if it is not overdue, should not be taken to the profit and loss account.

(10) All co-operative societies should carry at least 1/3rd of their net profits annually to the reserve fund until it equals the paid up capital and thereafter at least 1/4th of the net profits.

(11) The spread between the borrowing and the lending rates of co-operative banks should be sufficiently wide to speed the building up of reserves on the lines indicated above.

(12) Investments in first mortgages of immovable property are not usually desirable for co-operative banks.

(13) The Reserve Bank will have to take into account whether a part of the net profits has been transferred to the reserve fund before such dividends are declared and whether the dividends are declared out of profits actually realised.

(14) A co-operative bank should not, as a rule accept deposits for periods longer than a year or two at the most.

(15) It is essential that the central co-operative banks should employ an efficient and well paid staff trained in the theory and practice of banking.

These suggestions and recommendations were examined by provincial banks, the provincial co-operative departments and the Indian Provincial Co-operative Banks' Association. While not denying the need for the acceptance of principles of sound banking, attention was drawn to the impracticable nature of some of the proposals of the Reserve Bank of India. Criticism was directed, in the main, to the following points:—

(1) The Reserve Bank of India should have consulted the Indian Provincial Co-operative Banks' Association or placed themselves in touch with the provincial co-operative banks in the various provinces and elicited their views on the proposals embodied in the circulars. If they had done so and discussed with them any points of difference that such consultation might have disclosed, the Reserve Bank would have made certain modifications, especially in regard to some of the comments made by them in the circulars about the position of co-operative banks and their methods of working.

(2) In regard to the necessity of co-operative banks adopting methods which ensure safety and liquidity in the employment of funds so as to secure the stability of these banks, the Reserve Bank overlooked some of the principal differences between the commercial banks and the co-operative banks.

(3) The Reserve Bank have given specific advice to the co-operative central and provincial banks in regard to utilisation of their resources for loans and advances to be made for short and intermediate purposes. The Reserve Bank, however, have not indicated anywhere in their circulars what margin they consider will be necessary between the borrowing and lending rates of these banks, in order to be able to work on the basis of limiting their advances and loans to 50 to 55 per cent of their deposits and of investing remaining funds in gilt-edged securities and cash.

(4) Very few banks will be able to meet their normal expenditure from the margin between the interest receivable and interest payable. Joint stock banks work with a much higher difference between their borrowing rate, that is to say the rate of interest paid by them on their deposits, and the rate of interest charged by them on their loans and advances. The co-operative banks, however, are now working on different methods. They are required to maintain fluid resources on standards prescribed by Provincial Governments. If the authorities of the Reserve Bank are not satisfied with the standards adopted in any province, it is of course open to them to suggest to the Provincial Government concerned to modify the scale prescribed in that province.

(5) It may be conceded that it is legally permissible for the Reserve Bank to ask for the deposit of balances as there is nothing in the Act to prevent the Reserve Bank from prescribing this as a condition of financing; but it must be said that it involves a distinct departure from the policy underlying the Act. The non-mention of the provincial co-operative banks in Section 42(1) may be taken to be an indication that the intention of the Act is to exempt them from the provisions of the section. A reference to the proceedings of the Select Committee, which shaped the Reserve Bank Bill, will bear out this contention.

(6) There is no provision in the Reserve Bank of India Act for inspection of co-operative banks by the Reserve Bank. The Registrar of Co-operative Societies exercises general supervision and is also the auditor under the Co-operative Societies Act, and through him certain periodical statements such as quarterly financial statement are being submitted to the Provincial Governments. In view of the above, it is unnecessary for the Reserve Bank to undertake inspection through their own staff. If, however, such inspection is desired by the Reserve Bank in order to be in touch with the work of the Provincial Banks and to give them helpful advice and guidance, the inspection must be done only by officers of the superior rank, preferably by the Officer-in-Charge of the Agricultural Credit Department.

(7) The complaint is made in the Circular that co-operative banks take no steps to prepare any accurate estimates of their bad and doubtful debts. This is not correct so far as banks in several provinces are concerned. It is also not clear that the provision against bad and doubtful debts on the basis suggested is to be made only by banks which do not prepare regular statements.

(8) There is a reference to the capitalizing of interest. Opinion may differ whether this practice is sound or unsound, but the Reserve Bank is scarcely justified in alleging that this leads to undue inflation of the owned funds of co-operative banks, making it difficult to gauge the real position about the proportion between the owned capital and the borrowings.

(9) When Sir M. L. Darling went round the country before the opening of the Agricultural Credit Department, he advised banks to strengthen their long-term resources by offering special terms for

long term deposits. In view of the fact that central banks have to cover their old, outstanding loans which have become frozen, it is doubtful to what extent the recommendation of the Reserve Bank that long term deposits should be discouraged is a sound one.

In the Statutory Report published in 1937, the Reserve Bank mentioned that the question of remittance facilities was under consideration. In September 1940, the Reserve Bank announced the new arrangements which it proposed to introduce with regard to remittance facilities in India and Burma. In this scheme, the concession of free transfer of funds for *bona fide* co-operative purposes hitherto enjoyed by co-operative societies of all types was withdrawn. Under the new arrangements, no free remittance transfer receipts or drafts on Government account at par are available. In the scheme formulated by the Reserve Bank of India, co-operative societies were originally placed on the same basis as indigenous bankers in respect of telegraphic transfers, drafts and mail transfers, with the modification that, while for transfers upto Rs. 5,000 the minimum charge for indigenous bankers has been fixed at Re. 1, this has been fixed at annas 4 only for co-operative societies. The terms prescribed are as under:—

Up to Rs. 5,000	..	1/16% (minimum Re. 1-0-0)
Over Rs. 5,000	..	1/32% (minimum Rs. 3-2-0)

(Actual telegram charges to be charged in addition)

For co-operative bank and societies the minimum exchange on drafts and mail transfers for amounts up to Rs. 5,000 will be Annas 4 only.

Attention was drawn on behalf of co-operative societies to the following recommendations of the Indian Central Banking Inquiry Committee:—

"Free remittances of funds for co-operative purposes is of the utmost importance to the co-operative movement and no attempts should be made to curtail those privileges under the rules of the Government of India in this matter.

"As regards remittance facilities for other than co-operative purposes co-operative banks should be entitled to the same privileges as joint-stock banks."

The Reserve Bank of India, in reply, mentioned that the question of continuance of the facility for free transfer of funds was one which lay entirely within the competence of Provincial Governments and co-operative institutions were advised to address their representations to Provincial Governments. Such representations have been made in some provinces, but it is only in the Central Provinces and Berar that the facility of free transfer of funds has been restored by the Provincial Government. In response to the complaint made that co-operative societies did not enjoy the same facilities as scheduled banks, a fresh scheme was drawn up by the authorities of the Reserve Bank of India. Although this scheme does not meet the demand put forward on behalf of co-operative institutions, it provides for an extension of the facilities in respect of the

transfer of funds between two provincial banks and of remittances from district banks to the provincial bank through branches of the Imperial Bank of India. The revised terms communicated by the Reserve Bank of India are as given in the following Circular:—

"It is proposed to extend the remittance facilities at present available to the co-operative movement and to that end it has been decided to extend to the provincial co-operative banks certain additional remittance facilities which will place them more or less on the same footing as the scheduled banks for the purpose of remittances. These facilities, however, will be extended only to such provincial co-operative banks as agree to the conditions laid down by the Reserve Bank in this behalf. The details of the facilities which it is proposed to extend and the conditions on which they will be extended have been set out later in this memorandum."

"In order to clarify the scope of the concessions which we propose to extend to the provincial co-operative banks, it seems desirable, in the first instance to set out the facilities which have been given to the scheduled banks under the new scheme. Appendix II of the scheme provides the following facilities to the scheduled banks:—"

"A scheduled bank is entitled to remit money by mail or telegraphic transfers between the accounts kept by its offices, branches, sub-offices and pay offices at an office, branch or agency of the Reserve Bank in British India as follows:—"

- (a) An amount of Rs. 10,000 or a multiple thereof between its accounts at the offices and branches of the Reserve Bank, free of charge;
- (b) Once a week an amount of Rs. 5,000 or a multiple thereof to the principal account which it maintains with the Reserve Bank, from any place at which it has an office, branch, sub-office, or pay office and at which there is an agency of the Reserve Bank, free of charge. The term "principal account" means the account maintained with the Reserve Bank by the principal office of a scheduled bank as defined under the Scheduled Banks Regulations;
- (c) Other remittances to its principal account subject to a charge of 1/64% and also subject to a minimum charge of Re. 1;
- (d) Other remittances between accounts maintained at the Reserve Bank or its agencies;

Upto Rs. 5,000	1/16%	(minimum Re. 1-0-0)
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Over Rs. 5,000	1/32%	(minimum Rs. 3-2-0)
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(Actual telegram charges are charged in addition)

- (e) Telegraphic transfers and drafts:

In favour of third parties:

Upto Rs. 5,000	1/16%	(minimum Re. 1-0-0)
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Over Rs. 5,000	1/32%	(minimum Rs. 3-2-0)
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(Actual telegram charges to be charged in addition).

"It will be seen that facilities mentioned in sub-para (d) and (e) above are already available to the provincial co-operative banks so that the

special facilities enjoyed by the scheduled banks are only those stated in sub-paras (a), (b) and (c). These special facilities, however, are available to the scheduled banks only for remittances between accounts maintained by the scheduled banks with the branches of the Reserve Bank or the Imperial Bank. This is due to the fact that the treasuries, though they are the agencies of the Reserve Bank for purposes of remittances, do not open accounts for banks and the above facilities are not, therefore, available at the treasuries. It should further be noted that before the above facilities can be utilised, the scheduled bank concerned should not only have accounts with the Reserve Bank or the Imperial Bank at both the remitting and the receiving centres, but should also have its own offices or branches at such centres.

"The actual facilities which we propose to extend to the provincial co-operative banks are as follows:—

"In addition to the facilities already available, a provincial co-operative bank will, from the date from which this scheme comes into force, be entitled to remit money by mail or telegraphic transfers between the accounts maintained at an office or branch of the Reserve Bank or the Imperial Bank as follows:—

- (i) An amount of Rs. 10,000 or a multiple thereof between the accounts maintained by the provincial co-operative banks at the offices and branches of the Reserve Bank, free of charge; this facility will be available only between banks joining the scheme.
- (ii) Once a week an amount of Rs. 5,000 or a multiple thereof to the principal account which it maintains with the Reserve Bank from any place where it has an office or a branch and at which there is an office, branch or agency of the Reserve Bank, free of charge;
- (iii) Other remittances to the principal account will be charged 1/64 per cent, subject to a minimum charge of Re. 1.
(Actual telegram charges to be charged in addition)

"For the purpose of the above concessions, the Reserve Bank will treat the co-operative central banks which are affiliated to the provincial co-operative bank as branches of the latter. The principal account of a provincial co-operative bank will be the account maintained by the head office of the bank at the local office or branch of the Reserve Bank.*

"A provincial co-operative bank desiring to avail itself of the above facilities will have to agree to the following conditions;

* The following further note has been added by the Reserve Bank:—

A branch of the provincial bank or an affiliated central bank at a place where there is no branch of the Imperial Bank will be granted the facility of making remittances under sub-paras (ii) and (iii) from an account which it maintains with a branch of the Imperial Bank at a very nearby place. This facility will be available only from one branch of the Imperial Bank and will be granted on the provincial or central bank declaring to the office of the Reserve Bank at which the principal account is maintained, the place at which it is to be enjoyed.

- (i) It should undertake to maintain with the Reserve Bank a balance the amount of which shall not, at the close of business on any day, be less than 2½% of its demand liabilities and 1% of its time liabilities as shown by the return referred to in (ii) below:
- (ii) It should send to the Reserve Bank at the close of business on each Friday, or if Friday is a public holiday under the Negotiable Instruments Act, at the close of business on the preceding working day, a return of its position in the form prescribed in section 42 (2) of the Reserve Bank Act and signed by two of its responsible officers; such return shall be sent not later than two working days after the date to which it relates;
- (iii) If at the close of business on any day before the day fixed for the next return, the balance held at the Bank by any provincial co-operative bank falls below the minimum indicated in (i), the provincial bank should pay to the Reserve Bank in respect of each such day penal interest at a rate 3 per cent above the bank rate (with a minimum of Rs. 10) on the amount by which the balance with the Reserve Bank falls short of the required minimum, and if on the day fixed for the next return such balance is still below the prescribed minimum as disclosed by the return, the rate of penal interest shall be increased to a rate 5 per cent above the bank rate in respect of that day and each subsequent day for which the default continues. If any provincial bank, however, wilfully defaults in the maintenance of the minimum balances for periods exceeding two weeks or fails to send the returns referred to in (ii) above, the remittance facilities would be withdrawn from the bank concerned.
- (iv) The provincial co-operative bank and the central banks affiliated to it should prepare their balance sheets in the form suggested by the Reserve Bank and append thereto the certificate of the auditors and also supply half yearly statements of their operations in the form prescribed.
- (v) If any of the provincial co-operative banks or affiliated central banks enjoying the above facilities works on lines not approved by the Reserve Bank, the above facilities would be withdrawn from it in consultation with the Registrar.†
- (vi) It is presumed that the above facilities will be used only for bona fide co-operative purposes. While no declaration will be required from the co-operative banks in the case of each remittance that it is intended strictly for co-operative purposes, the above facility is likely to be withdrawn from any bank utilising it for purposes other than co-operative.

"It has been decided to bring the above scheme into effect from 1st September 1941. This arrangement will be in force for a period of 3 years in the first instance after which it will be reviewed in the light of the experience gained. This scheme applies only to such provincial co-operative banks

† The Reserve Bank has recently notified that this clause has been omitted from the scheme.

as have their head offices in places where there are offices or branches of the Reserve Bank."

To these arrangements the main objection is in respect of the conditions which are attached to the facilities that are made available. It may be pointed out that under the Reserve Bank Act special status is accorded to provincial co-operative banks and in view of the conditions of their working, they have been exempted from the provisions regarding the maintenance of balances. The need for insisting on maintenance of balances in connection with the grant of remittance facilities is not understood. It may be pointed out that the Indian Central Banking Inquiry Committee, when it urged, in paragraph 186 of its Report, that co-operative banks should be allowed the same facilities of remittances as scheduled banks, did not contemplate the maintenance of balances by co-operative banks with the Reserve Bank of India. Nevertheless, it favoured their enjoying the same terms as were given to joint-stock banks.

It may be useful for co-operative banks to have a uniform form for balance-sheets and audit certificates. The Reserve Bank may prescribe this when granting credit. It does not seem appropriate, however, that this should be imposed as a condition while extending to them the remittance facilities enjoyed by all scheduled banks, irrespective of their status and management. It is not clear why the Reserve Bank should choose to impose the condition about the manner in which co-operative banks should conduct their operations while extending to them the same facilities in respect of remittances as are enjoyed by scheduled banks, irrespective of their working or management. If co-operative banks transgress the Act, Rules and their own bye-laws, there are ample powers vested in the Registrar of Co-operative Societies and Provincial Governments under the co-operative law for taking disciplinary action.

It is urged that co-operative banks should have the same freedom to function under the Co-operative Societies Act and rules thereunder and also according to their bye-laws as is enjoyed by co-operative banks. It is to be noted that there is no question involved here of co-operative banks competing unfairly with scheduled banks as the facilities that they will enjoy will not be any greater than those available to scheduled banks. It is a wrong conception to confine co-operative banking to a particular field of work; co-operative banks in other countries are permitted to conduct all types of banking business, subject, of course, to the statutory safeguards contained in the co-operative laws of those countries. The term "bona fide co-operative business" is not defined by the Reserve Bank and is liable to various interpretations. As the facilities are no more than those granted to scheduled banks, there is no reason for fettering the liberty of co-operative banks to do business permissible to them under the Act, Rules and bye-laws.

It may be noted that three Banks, namely those for Bombay, Sind and the Punjab, have agreed to participate in the arrangements for the revised remittance facilities.*

*We learn that the Madras Provincial Co-operative Bank will join from January 1942.

Under section 17, it is open to the Reserve Bank to invest in and grant loans against the debentures of provincial co-operative land mortgage banks which conform to the definition of provincial bank and which have had their principal and interest guaranteed by a Provincial Government. Such debentures play an important part in securing resources for the long term requirements of agriculturists. It is not open to the Reserve Bank to grant any long term accommodation to provincial co-operative land mortgage banks, but assistance can be made available in the form mentioned above. In the brochure on the 'Functions and Working of the Reserve Bank of India', it is mentioned that such assistance can be of a very restricted nature and financial accommodation to the banks themselves can only be against Government securities for a period not exceeding 90 days. The Reserve Bank, it is added, can help by buying debentures or making loans against them only if it is satisfied that they are readily marketable and that genuine investors have been attracted to this form of investment by a provincial land mortgage bank. It may be pointed out however that the objection taken that the debentures of land mortgage banks are not easily favoured by genuine investors is not applicable to the debentures of all the provincial land mortgage banks. In fact, in some banks, the bulk of the debentures are held not by co-operative institutions or public bodies, but by private investors and business institutions. It has been urged on behalf of the co-operative movement that if the Reserve Bank refuses or hesitates to lend on the security of the debentures of land mortgage banks, the principal and interest of which are guaranteed by a Provincial Government, it will affect the possibility of increasing the attractiveness of investment in this security and enhancing its marketability.

"A Central (Reserve) Bank is essentially the crown of the whole structure of banking in its widest sense, and if it is well designed to meet the practical requirements of the country it must be adapted to the banking organisation of the country on which it should rest."

—The Indian Central Banking Enquiry Committee.

"Devising an Indian Central Bank is quite another matter—an institution which will fit in with Indian life, is adapted to Indian practices, and adjusted to the diverse needs of the population. An imported European or American Central Bank of either standard type would no doubt offer some advantage over the present system. But the Central Bank that India needs must be Indian—it must be as Indian as the Ganges."

—An American Critic.

RURAL INDEBTEDNESS IN INDIA

By

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Kipling's picture of the life of the average Indian peasant cannot be improved. At no time in his life the Indian peasant is able to dispense with the money-lender. To purchase seedlings, to maintain himself and his family during the pre-harvest season, during years of drought to meet the expenses necessitated by the tyranny of long-standing social customs, the peasant invariably seeks the aid of the money-lender. Just as he inherits his father's lands, so he often inherits his parents' debts. The encumbrances of the dead father frequently affect the life of the son adversely.

The agriculturist feels shy of mortgaging his lands for fear that his social position will be damaged. Hence, he is ready to borrow by the simple process of affixing his signature to a bond, however high the rate of interest may be. The money-lender is also tempted by the high rate of interest to make reckless advances; but the money-lender does not necessarily undertake great risks by giving unsecured loans, as he is often adequately compensated by the high rate of interest he receives. "Secondly, he has ample security in the triple chain of caste and character" which necessarily binds the peasant to the soil; and as long as the peasant holds the land the money-lender can enrich himself.

Thus from generation to generation the Indian peasant has been afflicted by the nightmare of debts. He may slave all his life, but he can never free himself from the grip of the money-lender. The result is "the Indian peasant is born in debt, lives in debt, dies in debt, and bequeaths debt." The existence of debts is the root cause of the degeneration of the peasantry in India. The future of the country cannot be rosy when the tiller of the soil, the custodian of the national wealth, is in this melancholy plight.

Why do peasants run into debt?—A variety of reasons has been given to account for the immersion of the Indian peasantry in debts. Some lay stress on the fact that the Indian peasant has a tendency to borrow for unproductive purposes; others complain of the burden of ancestral debts; yet others trace the peasant's financial difficulties to the fickleness of the Indian monsoons and to the uneconomic nature of his small holdings. Let us consider in some detail a few of the causes of agriculturists' indebtedness.

(1) Excessive subdivision and fragmentation of holdings leads to much wastage. Cultivation under the system of small holdings ceases to be economical and becomes merely a mode of living. Hence the cultivator is driven to the necessity of depending on the money-lender not only for any unforeseen expenses but even for his daily needs.

(2) The decline of the handicrafts of India has led to an excessive pressure on land. The ryots are without any kind of employment during a portion of the year. If some small scale industries are started, they can give employment for the agriculturists during the period they have to keep idle and thus help to augment their income. As conditions are, there is no subsidiary occupation for the peasants. This enforced idleness during a part of the year impoverishes the poor peasant still further. If the handicrafts were as powerful as they once were, they will act as safety-valves for the population depending on agriculture. For want of any other kind of village handicrafts, the bulk of the rural population has to depend on land and land alone. Needless to say that excessive pressure of the population on land has brought about many evils. The income from land cannot meet the needs of the large number of persons depending on it. Hence the peasants have to seek the money-lenders' expensive aid.

(3) Indian agriculture is said to be a gamble in the monsoons. A large part of the country depends on rain for cultivation, since the irrigation system has not yet been adequately developed. When rains fail, the poor peasant is in distress. This apart, there is the crop cycle. On an average for every five years there is usually one good crop, one bad crop, and three crops neither good nor bad. This constant variation in the yield of the land also forces the agriculturist to borrow in order to meet his expenses during lean years.

(4) The position of the agriculturists is completely undermined by the periodic loss of cattle through cattle diseases which every year levy a heavy toll upon the agriculturists' possessions. The peasants have to borrow money to replace dead cattle.

(5) Diseases like malaria permanently undermine the efficiency of the peasants. Malaria is a very common fever in the much water-logged agricultural tracts. This tells upon the vitality of the agriculturist and lowers his efficiency and thereby his earning capacity.

(6) The Indian agriculturist is said to be fond of litigation and he wastes a good deal on marriages and social functions. But though these provide some causes of his indebtedness they are not the main sources of his debts. Marriages and social and domestic functions are but occasional events. What makes him indebted is mainly annual budgets of his own household struggling to make both ends meet.

(7) Yet another reason for the ryot's indebtedness is the security of a stable government. The establishment of Pax Britannica and the era of peace and ordered government have enhanced the security of

land. Therefore, ryots find it possible to mortgage their lands easily to make adjustments in their expenses.

(8) The bearing of ancestral debts is a pious obligation in Hindu India; and accordingly, most ryots desist from seeking legal protection even to save themselves from the clutches of the usurious money-lenders.

(9) Peasants are generally illiterate and money-lenders generally take undue advantage of their ignorance. Accounts are often fraudulent; the interest charged is invariably usurious and however much the peasant may try to clear off the debt, he finds himself under a perpetual liability to the money-lender.

The causes of indebtedness enumerated so far would prove conclusively that the agriculturists do not contract debts for productive purposes. The money expended on the improvement of land only forms a meagre proportion of the total debt, whereas the debt incurred for unproductive purposes nearly covers one-tenth of the total debt. Nor can it be maintained that land revenue has been oppressive and that it had forced agriculturists to borrow. That a large number of debts are contracted on the security of land is adequate proof that land is still a secure source of investment and that the assessment is not in any way oppressive when compared to the yield of the land. It must be conceded that the excessive pressure upon land and the primitive methods of cultivation make the ryots' position difficult and economically unsound.

Estimates of Rural Debts.—Dependable statistics are not available of the total rural indebtedness of the country. Various estimates have been offered. Sir Edward Maclagan estimated in 1911 that the total rural indebtedness might be about Rs. 300 crores. Frederick Nicholson estimated that the rural indebtedness of the Madras province alone was 45 crores. M. L. Darling prefers the Punjab estimate of rural indebtedness to that of Madras. In the Punjab, rural debts are said to amount to Rs. 90 crores, about 18 times the total land revenue collected. After making some allowances in crores (correction) the rural debt of the Punjab may be taken to be 17 times at least the land revenue collected. If the average debt of India is the same throughout the country and if the land revenue of India is multiplied by 17, the total rural debt will amount to about Rs. 603 crores. Thus M. L. Darling is of opinion that the rural debt of India will be not less than Rs. 600 crores.

Various Provincial Banking Enquiry Committees have estimated the rural indebtedness of different provinces. These estimates of indebtedness in different provinces are as follows:—

<i>Province</i>	<i>Total Rural Indebtedness</i>
	Rs.
Assam ..	22 crores
Bengal ..	100 "
Bihar and Orissa ..	155 "
Bombay ..	81 "
Burma ..	50-60 "
Central areas ..	18 "
Central Provinces ..	36 "
Coorg ..	35-55 lakhs
Madras ..	150 crores *
Punjab ..	135 "
United Provinces ..	124 "

From these estimates it is found that the total indebtedness of the country is nearly Rs. 900 crores. Rural debts continue to increase. The Royal Commission on Agriculture in India has drawn particular attention to this fact. "It is more than probable that the total rural indebtedness has increased in the provinces; whether the proportion it bears to growing assets of the people has remained at the same level or whether it is a heavier burden or lighter burden on the more prosperous cultivator than of old, are questions to which the evidence we have received does not provide an answer." As an example, the total agricultural debt in the Punjab has increased from Rs. 90 crores in 1921 to Rs. 135 crores in 1929.

Why should Agriculturists be protected by debt legislation?—In a predominantly agricultural country like India, peasants form the backbone of the Indian economy. "The lesson of universal agrarian history from Rome to Scotland is that one essential of agriculture is credit. Neither the condition of the country nor the nature of the land tenures, nor the position of agriculture, affects one great fact that agriculturists must borrow." (Nicholson's report regarding the possibility of introducing Land and Agricultural Banks in the Madras Presidency, 1895). The Indian agriculturist, in his zeal to borrow money, inevitably falls into the trap of the usurer. Usury has thus become the bane of the peasant proprietor. Hence there is ample justification not only for enacting laws to extricate the peasants from the clutches of the money-

*According to the Report (1935) of W.R.S. Sathianathan, I.C.S., the present Registrar of Co-operative Societies, the rural indebtedness of Madras was about Rs. 200 crores.

lender, but for devising such machinery as will supply cheap credit facilities for the agriculturist.

From the purely military point of view, the peasants who supply the bulk of soldiers required for the army should be protected. If they are to be ruined by the rapacity of the usurer, the country's defence will be accordingly endangered. A hardy peasantry is an asset to a country like ours, whereas a good number are generally weak and decrepit.

Early Debt Legislation.—Laws to relieve the distressed debtors can be traced from the time of the *Dharmasastras* (5th century B.C.) to the present day. Legal rates of interest were fixed and concessions were offered for higher classes. Six per cent was the legal rate and any rate above this was declared to be null and void. It was also provided that the amount of interest paid should not exceed double the principal. During the Muhammadan period, state loans were advanced to officials and members of the Royal family. Loans were advanced free for the first year and after that period there was a progressive increase in the rate of interest. Loans were also advanced to the agriculturists in times of drought, pestilence, etc.

Debt Legislation during British rule.—From the year 1793 when proprietary rights were granted to the zamindars (the collectors of revenue) we find a steady growth in tenancy legislation. Owing to the periodical recurrence of famines, returns from the soil were poor and large scale borrowing became necessary. Many agriculturist money-lenders came forward to lend money solely with a view to appropriate the lands of the borrower. The debts of the peasants began to increase greatly. Even in cases in which the peasants possessed no right to transfer lands, they borrowed at as high rates of interest as those who had a right to the free transfer of land. One way or the other, the peasant was handicapped by debts.

Till a few decades ago, the civil law of debts was defective in the following respects:—

- (a) It made no provision for a consideration of the history of the debts under litigation.
- (b) The rate of interest fixed in the bond however usurious it might be, was taken for granted.
- (c) It had no control over the transfer of land in the enforcement of decrees for debts.

The first set of laws passed tried to relieve the big land holders of their indebtedness and prevent their estates from being transferred to the money-lenders. Encumbered Estates Relief Act 1876, Sind Encumbered Estates Act 1896, Bundelkand Encumbered Estates Act of 1903 were passed to relieve the big land-holders of their debts. According to the provisions of the Acts managers were appointed to determine the liabilities of estate owners and do everything necessary by way of lease, mortgage or sale to pay off the creditors. In Madras and Bengal the Court of Wards Act took the place of the Encumbered Estates Act in

other provinces. Under these Acts estates inherited by females, minors and people with mental or physical defects are taken over by the Court of Wards. Other proprietors of estates may also by application have their estates placed under the management of the Court of Wards. The Court of Wards may request Courts for injunction to stay proceedings in the court and settle the debts of the estates. Appeals against orders of the Court of Wards may be made.

In the year 1879, the Deccan Agriculturists' Relief Act was passed. The whole Act was based on the recommendations of the Deccan Ryots Commission, 1878. The Act provided for an investigation of the history of the debts and the transactions between the agriculturists and their creditors. The genuine principal as well as the rate of interest were to be determined according to the Act only in the light of the transactions. It provided for an insolvency procedure for the agriculturists. It also provided for the prevention of the sale of land not specifically pledged and for the restoration of the land to the debtor under certain circumstances even when there was a sale deed between the debtors and the creditors. Safeguards to prevent frauds in money-lending, a special machinery to render cheap and summary justice to ryots and the provision for conciliating the debts in the village courts were some of the features of the Act. The original Act was amended in the years 1882 and 1886. The Amendment Act of 1882 provided for the redemption of the debt before the due date mentioned in the bond. It also empowered mortgagors to sue for accounts without seeking the redemption of the mortgage lands. The Amendment Act of 1886 prescribed the mode of registration. It also stated that standing crops were moveable property and that they could be attached for debts. The period of limitation for loans to the agriculturists was extended to 12 years in the case of registered deeds and to 6 years in other cases. But the Act never fulfilled the great things expected of it. It increased litigation, and the sources for obtaining credit for the agriculturists were closed. The money-lenders were unwilling to enter into uncertain transactions; and they became more extortionate.

The Government was wedded to the policy of helping agriculturists whenever they wanted loans to improve their lands. Under the Land Improvements Loans Act of 1883 loans were to be granted only if the authorities were convinced about improvements which the agriculturists wanted to effect in their lands. Mostly, loans were to be granted either for sinking wells or for fertilizing the soil. The purchase of cattle and agricultural implements would not come under the scope of the Act and loans were not to be advanced for this purpose.

The Agriculturists' Loans Act of 1884 however remedied some of the defects of the former Act and loans were thereafter advanced for some of the legitimate requirements of the agriculturists.

These Acts were not of great use to the agriculturists. When compared to the general indebtedness of the agriculturists, only very low amounts were ever advanced. The agriculturists hated the delays in-

volved in the sanctioning of loans. ✓ The money-lender was easy of access and the Acts were unable to protect the agriculturists from falling into the snare of the money-lender.

The Usurious Loans Act as amended in 1908 determined the legal and maximum amount of interest that can be taken from the borrower. It also fixed the maximum rate of interest. The Act applies to all alike without any distinction between agriculturists and non-agriculturists. As the Central Banking Enquiry Committee has pointed out, the Act can give relief in certain individual hard cases but cannot exercise control over the money market.

Control of Money-Lenders.—When the Government understood the futility of the Usurious Loans Act, they gave their attention to the licensing and control of money-lenders. The exploitation of the agriculturists by the money-lenders depended on the degree of the backwardness of the people among whom they carried on their trade. The Punjab Regulation of Accounts Bill of 1930 and the British Money-Lenders Act of 1927 are steps in the right direction. The former made it obligatory on the money-lender to keep regular accounts and to keep the debtor informed every six months of the correct amount owed by him. Failure to keep accounts resulted in the disallowance of the interest partly or wholly. The second Act provided for taking out license by the money-lenders, prohibited the levy of compound interest; and the supply of information and of the copies of relevant documents relating to the state of loan on demand by borrower was made obligatory. These Acts were in the nature of experiments in regulating usurious money-lending. The provisions of the Punjab Regulation of Accounts Act are somewhat exacting and the success of the Act is to be watched. Legislation similar to the Punjab Act can be introduced into the other provinces, if it proves a success.

Land Alienation Acts.—Assiduous money-lending solely with the object of appropriating borrowers' lands led to the creation of a class of non-agriculturist land-owners; and the peasants driven out of the soil were unable to eke out a living. ✓ With a view to prevent the transference of land from the agriculturist to non-agriculturist class various Land Alienation Acts had to be passed. The Punjab Alienation Act of 1900, the Bundelkhand Alienation Act of 1903 and the Central Provinces Alienation Act of 1916 were some of the measures passed in order to restrict the peasants' right to transfer lands. According to the provisions of the Act if lands are mortgaged with a member of a non-agricultural tribe they may remain in force only for a number of years; and after that period mortgaged lands will have to be re-delivered to the mortgagor free of all encumbrances. According to the Punjab Land Alienation Act of 1900 peasants could sell their lands only to members of certain agricultural classes recognised by the State. This provision was made mainly to prevent the growth of a class of non-agriculturist landowners.

The ultimate object of these Acts was to check the growth of indebtedness. ✓ But their main purpose was defeated by the emergence

of a class called the 'agriculturist money-lender.' In certain cases, Non-agriculturist classes were also impelled by them to establish a right to call themselves agriculturists.

Another method of evasion pursued by non-agriculturist creditors is the use of benami transactions. "Sometimes a non-agriculturist creditor gets the land of his agricultural debtor mutated in favour of another agriculturist in his confidence and receives the rent or the produce of the land from his agricultural nominee. Yet another form of benami transaction is that a non-agriculturist gets the land of another agriculturist debtor mutated in favour of another agriculturist in his confidence and gets himself entered in the revenue papers as the latter's tenant-at-will, but does not actually pay such rent." The Special Officer appointed by the Punjab Government to throw some light on benami transactions discovered not less than 6697 cases of such transactions out of which 2437 were recommended for review.

The extent of land lost in recent years by agriculturists through transfer to non-agriculturists may be understood from the following tabulated statement:—

Year	Net area lost by the Agriculturists in acres.	Net area gained by purchase or redemption by the Agriculturists in acres.
1931	.. 31,295	5,941
1932	.. 61,415*	
	.. 25,621†	872
1933	.. 84,735*	
	.. 26,117†	3,233
1934	.. 85,144*	
	.. 37,702†	
1935	.. 97,376*	10,977
	.. 94,825†	20,292
Total	.. 544,230	41,315

* By mortgage.

† Redeemed by non-agriculturists.

The area gained by agriculturists is 41,315 acres as against 544,230 acres lost by them; the net loss to agriculturists is seen to be 492,915 acres in five years.

The Co-operative Movement.—It was Frederick Nicholson entrusted by the Madras Government with the conduct of an inquiry into rural indebtedness in the Madras Presidency, who made out a strong case for the establishment of co-operative credit banks. The recommendations

of Nicholson were not however adopted and the report was shelved. Later, Lord Curzon sponsored a move for the establishment of co-operative societies in India. A Committee under Sir Edward Law was appointed for ascertaining the views of local governments on Nicholson's report.

The Act of 1904.—The first Co-operative Credit Societies Act was passed in 1904. The Act provided for the formation of credit societies only and postponed all forms of non-credit co-operation. The Act was mainly intended to constitute credit societies in order to supply the peasants with cheap credit facilities. Co-operative Societies in the villages were established on the basis of unlimited liability, whereas in the case of urban societies the matter was left to the option of the societies. The Government gave many privileges and concessions to encourage the movement in its initial stages. The co-operative societies were exempted from income tax, stamp duty, and registration fees. They were granted the benefit of a corporate body, given priority over the ordinary creditors of a member next to land revenue, free government audit, etc. To encourage the formation of new societies, the Government helped every new society with a loan of Rs. 2,000 free of interest for three years, if it raised an equal amount as capital.

From 1906-1912 the co-operative movement made steady progress as the following figures show:—

Year	Number of societies	Number of members of primary societies	Amount of Working capital
			Rs.
1906-7	843	90,844	23,71,683
1907-8	1,357	149,160	44,14,086
1908-9	1,963	180,338	82,32,225
1909-10	3,428	224,397	1,24,68,312
1910-11	5,321	305,058	2,03,05,800
1911-12	8,177	403,318	3,35,74,162

The Co-operative Societies Act of 1912 recognized the formation of co-operative societies for purposes other than credit such as facilitating purchase, sale, production, insurance and housing.

Lord Curzon's ambition in sponsoring co-operative societies in this country was merely to provide the agriculturist with facilities for obtaining cheap credit. The movement has to some extent instilled in the agriculturists a desire for thrift, self-help and mutual help. But the village money-lender frequently enters the co-operative organisation and tries to vitiate the good purpose of co-operative societies. Unpunctuality of payments, fictitious payments, excessive overdues, defective

audit, inefficient control, benami loans, nepotism, red-tapism, inelasticity, dilatoriness and inadequacy of co-operative finance, etc., are accordingly not uncommon occurrences in the co-operative system of the country.

The co-operative movement in this country has had to grow under the protective wings of the government and its progress has thus been necessarily very slow. For this reason it has never succeeded in fully wiping off agricultural debt. In a country where agriculturists have no savings of their own capital is to be drawn from outside resources, such as the Provincial and Central Banks, against principles of co-operation. Hence agriculturists still continue to borrow from money-lenders at usurious rates of interest and the Co-operative Credit Societies have never been able to dislodge the money-lenders from their position. All the same, the movement has great possibilities and if it succeeds, it will bring new life to the rural population.

Land Mortgage Banks.—The Co-operative Societies were generally unable to advance long-term credit to the agriculturists. Proposals were therefore made for starting land mortgage banks on the Egyptian model. The Punjab gave the lead by starting the first land mortgage bank at Jhang in 1920, and later, banks were also started in Bengal. On account of the permanent settlement in Bengal, accurate land records were not maintained and this proved a stumbling block to the success of the banks.

The capital of the banks is obtained by issuing debentures. The State assists the banks by guaranteeing interest and repayment of the principal and by the purchase of a portion of the debentures issued. It can declare the debentures to be trustee securities enabling insurance houses and other firms to invest in the debentures of the land mortgage banks.

Loans are advanced to members upto 50 percent of the market value of the lands mortgaged. Loans are granted for a period not exceeding 20 years and are collected by yearly instalments. Primary societies are utilized as agencies for land mortgage banks, where branches of the land mortgage bank do not exist. In some provinces primary banks take shares issued by the Central Land Mortgage Banks. The debentures are issued by the Central Bank and the numerous primary banks get accommodation according to the extent of their investments.

The Land Mortgage banks have not made great progress. The reason for this is that at the most, the banks can undertake to reduce the burden of the debt by reducing interest rate. It can help the agriculturists to liquidate the debts by paying in small instalments. But it cannot help the agriculturist in any way if he borrows for wasteful purposes and shows a want of prudence. Again, the maximum limit for loans to be advanced on the security of land is fixed. Hence all the debts of the agriculturists cannot be transferred to the bank. The Land Mortgage Bank is finally forced to take possession of the land of the mortgagor and when they are sold big landlords replace small holders. The good purpose of the bank is thus completely lost when by its policy it indirectly helps big land holders.

Recent Debt Legislation.*—The economic depression of 1929² gravely affected the repaying capacity of the agriculturists. Prices of agricultural produce fell and the real burden of the debts increased. The

* The bearing of recent Debt Legislation on the Co-operative Movement is thus summarised by the Agricultural Credit Department of the Reserve Bank of India in their 'Review of the Co-operative Movement in India, 1939-40.'

"It may perhaps be useful, at this stage, to make a somewhat fuller reference to the bearing of debt legislation on the co-operative movement. Co-operative debts have been given a privileged position under most of the measures passed by the provincial legislatures for the reduction of rural indebtedness. In the Punjab, co-operative debts cannot be touched by conciliation boards while in the Central Provinces and Berar, Madras, Assam and Bengal, no settlement can be valid without the previous written approval of the Registrar, whereas in Madras, the provisions of the Agriculturists' Relief Act, 1938, do not apply to co-operative debts. The reasons for special treatment of co-operative debts are readily apparent; co-operative societies generally maintain regular accounts which are audited, their operations are under the general supervision of provincial governments through their Co-operative Departments, they are not profit-making institutions or alien credit bodies, and as their advances often come out of the common funds of members, substantial concessions to some members might be to the detriment of the other members. On the other hand, the reduction of co-operative debts also appears necessary inasmuch as the writing off of many bad debts which give a bloated appearance to the assets of societies would only be a recognition of reality and would make their nominal statement of affairs a more accurate representation of facts; besides, a workable scheme of repayment of the conciliated debt based on repaying capacity could best be framed if the problem of a person's debt, including co-operative debt, were dealt with as a whole. However, the working of societies has been adversely affected, in general, in spite of their preferential treatment because in many provinces a member owing a debt to his society can file an application before the conciliation board and suspend payment of instalments until the award is made by the Board and approved by the Registrar, thereby directly freezing the funds of the society irrespective of the ultimate outcome of the application. Large amounts of co-operative funds have thus been locked up, and the difficult process of unfreezing them is hindered by wilful default and the disinclination towards debt repayment which has proved infectious and which is not enlightened by a due sense of discrimination between co-operative and other debts.

While these factors added to the difficulties of the co-operative movement, they contributed to the contraction of credit already referred to, which entailed a compulsory curtailment of the unproductive as well as productive expenditure of the agriculturist; the reduction of the latter had deleterious effects on the efficiency of agriculture in certain areas, but the cut in the former showed that the real needs of the cultivator for credit were smaller than they had been imagined by many people."

Reference may also be made to the Madras Agency Debt Bondage Abolition Regulation, 1940 (Madras Regulation No. III of 1940) which abolishes debt bondage and makes agreements for labour in discharge of debts wholly void.

—General Editor.

money-lenders sought the aid of law courts to force the sales of the lands of debtors. The dangerous prospect of the emergence of a landless peasantry became imminent. Provincial governments had to devise ways and means to lessen the debt burden of the agriculturists and an enormous amount of debt legislation during the decade of 1930-40 became accordingly inevitable.

The triple objectives of the Provincial Debt Relief Legislation can be summarised as follows:—

- (a) Provision of relief to the cultivators by scaling down and lightening the crushing burden of the standing debt.
- (b) Regulation of the money-lending business and creation of systematised rural financial agencies.
- (c) Provision of safeguards for the protection of the person and property of the debtor against undue exploitation by the creditors.

Short-term Legislation.—To give immediate and speedy relief to the agriculturists three kinds of legislation were enacted:—

- (a) Moratorium laws.
- (b) Measures to reduce the burden of the interest liabilities.
- (c) Measures to scale down the principal of the debt and to devise convenient methods of repayment.

(a) *Moratorium Laws.* The catastrophic fall in prices disabled the debtors from honouring their obligations. The money-lenders rushed to the courts of law and wanted to "take their pound of flesh in land." There was the immediate danger of the lands being sold up to the creditors. To check the immediate execution of the proceedings for the sale of lands and to give some relief to the agriculturist until the enactment of comprehensive debt legislation, Moratorium Laws were passed in different provinces.

The United Provinces Temporary Regulation of Execution Act, 1934 was enacted with a view to stay the execution of proceedings against judgment debtors. The Act also said that the debt could be paid off in instalments. In 1937, the Congress Ministry provided for the postponement of proceedings against agriculturists who paid as land revenue less than Rs. 1,000 and who were not assessed to income tax. Those whose land revenue payments exceeded Rs. 250 could get execution proceedings stayed only by depositing one-fifth of the amounts for which the decrees were executed. Another benefit conferred by the Act was that agricultural debtors who were sent to prison for non-payment of the debts were released.

The Madras Government contemplated the passing of a Moratorium Bill in 1937, but it was withdrawn due to the introduction of the Debt Relief Bill. In the Debt Relief Act there were provisions to revise the judgments arrived at in the cases of agriculturist debtors during the period between the withdrawal of the Moratorium Bill and the passing of the Debt Relief Bill. In Bombay the Small Holders Temporary Relief Act protected the agriculturists who owned only 6 acres of irrigated land or 19 acres of un-irrigated land. In Central Provinces also debt legislation on the lines of the Bombay Act was passed.

(b) *Measures to reduce the burden of interest liabilities.*—After protecting the agriculturist debtor from losing his lands by their sale for debt, measures were undertaken to scale down the accumulated burden of interest.

Almost all provinces amended the Usurious Loans Act of 1918. The following table gives the amendments to Usurious Loans Act passed in several provinces and the rate of interest deemed usurious:—

	Simple secured interest per cent	Loans compound interest per cent	Unsecured simple interest per cent	Loans compound interest per cent
Madras Debtors' Protection Act, 1934 (Sec. 6A)	9	..	15	..
Punjab Relief of Indebtedness Act, 1934 (Sec. 5)	12	9 with annual rests	18½	14% with annual rests
The Central Provinces Usurious Act, 1934	12	10	18	..
The United Provinces Usurious Loans Act, 1934 (3)	12	..	24	..
The Bengal Money- Lenders' Act, 1933 (Sec. 4)	15	10	25	10
The Bihar Money- Lenders' Act 1938 (Sec. 9)	9	..	12	..
The Orissa Money- Lenders' Bill, 1938 (Sec. 9)	9	..	12	..
The Bombay Money- Lenders' Bill, 1938 (Sec. 29)	9	..	12	..
The Bengal Money- Lenders' Bill, 1938 (Sec. 29)				
(cash loans)	9	..	15	..
(kind loans)	15	..	25	..
The Assam Money- Lenders' Act 1934 (Sec. 8)	12½	..	18½	..
The Assam Money- Lenders' Amendment Bill, Dec. 1937	9½	..	12½	..

From "Provincial Debt Legislation in relation to Rural Credit" by N. G. Abhyankar, M.Sc. (Econ.), (London),

The United Provinces, Central Provinces, Bombay, and Madras prescribed special rates at which interest was to be calculated on depression and pre-depression loans. The Agricultural Relief Act of United Provinces (1934) provided that from 1st January 1930 to a date fixed by the Local Government, the rate of interest charged on debts can only exceed the rate at which the local government can borrow from the Central Government by a certain percentage prescribed by the Local Government. Later in the United Provinces the Agricultural Debt Redemption Bill of 1939 provided that courts of law should grant interest at the rate of $4\frac{1}{2}$ percent for secured loans and 6 percent for unsecured loans.

The Bengal Money-Lenders' Bill of 1938 provides for the calculation of interest rate at 8 percent for secured and 10 percent for unsecured loans. In Central Provinces the Central Provinces Relief of Indebtedness Act of 1938 authorises the reconsideration of the transactions made 12 years before the last transaction or before 1st January 1932, whichever was earlier, at the following rates:—

Compound interest	5 percent
Simple interest secured	7 percent
unsecured	10 percent

Bombay Agricultural Debtors' Relief Act of 1939 provided for the reduction of the interest burden in three ways:—

(1) "The Debt Relief Boards were authorised to allow interest at 12 percent per annum, simple interest, on debts contracted before 1st January 1931.

(2) "The interest calculated in this way and found due on 1st January 1931 was to be reduced by 40 percent if the loan was contracted before 1st January 1931 and by 30 percent if it was contracted between 1st January 1930 and 1st January 1931.

(3) "Interest was allowed to be calculated at 9 percent per annum simple interest or agreed rate whichever is lower after 1st January 1932 till the date of the application for relief."

The Madras Agriculturists Relief Act made the following provisions for scaling down debt:—

(1) All arrears of debt incurred by the agriculturists in so far as they were outstanding on 1st October, 1937, were cancelled.

(2) Interest rate on past loans was fixed at 5 per cent between October, 1937 and the date of the enactment of the Act and any excess amount paid was credited to the repayment of the principal.

(3) The Courts of law were directed to grant interest rate not higher than $6\frac{1}{4}$ percent per annum, simple interest, on all transactions made after the commencement of the Act.

Another method by which the Provincial Governments tried to reduce the payments towards accumulated interest was by adopting the principle of Damdapat. Bengal (1933), United Provinces (1934), Madras and Bihar (1938) and Bombay and Sind (1938) adopted this

principle. In Madras, under the principle of Damdupat a debtor need not pay anything towards the debt if he has paid twice the principal of the loan, whereas in some other provinces payment of a sum greater than the principal towards the arrears of interest is prohibited.

(c) *Measures to scale down the principal of the loan:* (1) *Debt Conciliation Machinery.* Debt Conciliation Acts were passed in five provinces: Assam, Central Provinces, Madras, Bengal, and the Punjab. Under the Acts, Provincial Governments were authorised to set up Conciliation Boards. The Boards consisted of not less than 3 and not more than 12 members. The method followed by the Boards was to adjust the available assets of the debtors to the total dues owed to the creditors who were agreeable to an amicable settlement and the amount settled was to be paid up in about 20 or 25 instalments.

Certain disabilities were imposed on creditors who refused to abide by the decisions of the Boards. In such cases the debtor is granted a certificate and the court of law is authorised to disallow costs and award an interest rate not higher than 6 percent. The creditors who accept the settlement of the Boards are given a priority in the recovery of moneys. These disabilities were intended to force the creditors to accept the decision of the Debt Conciliation Board.

The Punjab Debt Conciliation Act of 1934, the Bengal Agricultural Debtors Act of 1935, the Assam Debt Conciliation Act of 1935, the Madras Debt Conciliation Act of 1936, the Sind Debt Conciliation Bill of 1939 adopted more or less the same principles and methods.

(2) *Compulsory scaling down of the principal of the loan.*—Though the scaling down of debts is done by the Conciliation Board the compulsory scaling down of the principal was found to be necessary and provided for by the legislation in Bombay, Central Provinces and United Provinces. The main object of the provisions was to cut down the principal in the light of the fall in price.

(3) *Miscellaneous measures:* (a) *The principle of terminable mortgage.*—This principle was enforced in the Punjab, United Provinces and Bengal. According to this, the land of a mortgagor should be returned to him without any obligation on his part after a period of 15 to 20 years, whether he paid the debt in full or not.

(b) Some of the provincial enactments have authorised the courts of law to fix a fair sale price for lands sold in the enforcement of decrees against agricultural debtors. This has been done by the United Provinces Regulation of Sales Act of 1934, the United Provinces Agricultural Debt Redemption Bill, 1939 and the Bihar Money-Lenders' Act, 1938.

(c) The Provincial Insolvency Act of 1920 has been amended in some provinces for the benefit of agriculturist debtors. Under the Bengal Agricultural Debtors' Act of 1935 the agriculturists are declared insolvent if the debtors are unable to pay off the reduced amounts in 20 instalments. Then the lands of insolvent debtors are

sold out leaving but a portion of the property including a dwelling house for the insolvent debtor.

Long-term Legislation.—Apart from the immediate relief given to the agriculturists by the various short term enactments, there were other enactments to regulate money lending and protect the person and property of debtors.

Regulation of the money-lending business has been done by a three-fold measure :—

(i) *The Registration and Licensing of Money-Lenders.*—Usually the money-lender is defined as 'a person who advances loans as a matter of business.' In Madras and Bihar, pawn-brokers are brought within the definition of 'money-lender.' Licenses to money-lenders are granted on applying to the Registrar of Money-lenders and penalties are provided for carrying on transaction without obtaining the necessary licenses.

The Central Provinces Money-lenders Amendment Act of 1936 required every money-lender to register himself and obtain a registration certificate. The non-obtaining of the registration certificate is treated as an offence punishable by a fine of Rs. 50 for the first offence and Rs. 100 for subsequent offences. The Punjab Registration of Money-Lenders Act, 1938 denies the benefit of the legal machinery of the State to money-lenders who do not possess a license for the recovery of their dues from their debtors.

The Bihar Money-Lenders Act III of 1938 was drafted on the model of the Punjab Act. The Bengal Money-Lenders' Bill, 1938 provides for the registration and licensing of money-lenders. The money-lenders who do not take out licenses are penalised by a forfeiture of the right to sue in courts of law. The fine for failing to take out a license is Rs. 15 (thrice the license fee). The United Provinces Money-Lenders' Bill, 1939 is similar in effect to the Punjab Bill; but it empowers the individual to lodge a complaint against the evil practices of a money-lender on depositing a given sum in the court of law.

The Bombay Money-Lenders' Bill, 1938 provides for the registration and licensing of money-lenders. Money-lending without license has been made an offence.

(ii) *Regulation of Accounts.*—To check the evil practices of money-lenders, the maintenance of accounts has been made compulsory. The Punjab Regulation of Accounts Act, 1930 made stringent rules for the maintenance of clear and separate accounts, for the sending of annual statement of accounts to debtors and for giving receipts for repayments. In case of non-compliance with these provisions, courts of law were empowered to disallow the costs and interest due on suits brought by the money-lenders.

(iii) *Regulation of Interest.*—Drastic measures were undertaken to reduce interest rates by amending the Usurious Loans Act. The

Bengal Money-Lenders' Bill, 1939, provides that entering an amount larger than the sum actually advanced would be treated as an offence punishable by six months imprisonment or a fine of Rs. 1,000. The United Provinces Bill of 1939 made similar provisions.

The measures adopted to safeguard the property and person of the debtor from exploitation by the creditors are: (1) the provision for the exemption of a given portion of the property of the debtor from attachment and sale, and (2) the protection of the debtor from intimidation and molestation.

The Central Provinces Debtors' Protection Act, 1937, the Bombay Money-Lenders' Bill, 1939 and the United Provinces Money-Lenders' Bill, 1939 punished money-lenders by 3 months' imprisonment or a fine of Rs. 500 if they molested their debtors. The Bengal Money-Lenders' Bill, 1939, lays down a penalty of one year's imprisonment or a fine of Rs. 1,000 for a similar offence. The Punjab Debtors' Protection Act, 1935, the Bengal Debtors' Protection Act, 1936 and the Bombay Money-Lenders' Bill, 1939 contain provisions for the protection of the debtors' properties.

Critique.—The numerous debt relief acts have led to the shrinkage of credit in the rural areas. The agriculturists are greatly handicapped by the decrease in credit facilities. The erstwhile favourable money-lenders have become disinclined to support the agriculturists because their transactions with agricultural creditors have been considerably restricted by the Acts pertaining to agricultural debtors. The only source of obtaining credit has been practically closed and the agriculturist may be said to be now without rudder or compass. It is said that lack of adequate credit facilities have not told upon the amount of land cultivated. "For genuine agricultural purposes financial accommodation, though difficult, is reported to be not totally non-existent. For this reason, there has been no fall in the area under cultivation." In any case, to minimise the hardships caused by the lack of adequate credit facilities, the Government should undertake certain remedial measures. The Government should encourage the establishment of co-operative societies to extend the activities of agriculturists and give them short-term credit. Agricultural Corporations with large capital partly paid by the provincial government and partly by the public must be started and these should advance short-term loans to agriculturists for cultivation or marketing on the security of the standing crop of annual produce. A net work of branches of the Agricultural Corporation should be opened to make it easily accessible to all. Caution is to be taken to serve areas not served by a co-operative society or a licensed money-lender.

The provincial governments must not directly or indirectly create in the agriculturists a feeling of disregard towards their obligations to their lawfully contracted debts. Frequent interference of the Government in the affairs of the cultivator may just induce him to disrespect his obligations. Serious breaches of morality in credit tran-

sactions should be checked by a strict enforcement of rules to recover debts that are settled.

Proper care of the agriculturists and the welfare of those engaged in agriculture must be a matter of national concern. Legislation to scale down the agriculturists' debts will go a long way to assure the landed property of agriculturists. /A blot on the debt legislation in different provinces is that it has not provided for the repayment of scaled down debts. If the scaled down debts are to be repaid in a number of instalments the peasants will be immensely benefitted. The Conciliation Boards set up in different provinces should fix the number of instalments in which the whole scaled-down debt can be repaid. /

"Some of the causes of poverty of the Indian agriculturist are the low yielding capacity of the land, the steep fall in prices and the heavy incidence of land tax." "To arrest the steep fall in prices the currency must be revalued, even though it may affect the stability of the central finances. The burden of land tax also should be lessened by the introduction of reforms in taxation. A drastic reduction of land revenue and the introduction of agricultural income-tax will not only give the provincial governments elastic revenues but also relieve the small agriculturists of the heavy tax burden.

If the appalling poverty of the agriculturists is to be completely wiped out of the country, measures to increase the yield of the land should be popularised. Better methods of farming and the economy of better implements should be made known to the agriculturists by lectures and the use of lantern slides. Minor irrigation works should be undertaken throughout the presidency to give the agriculturists more irrigational facilities. Fragmentation and sub-division of holdings retard agricultural development and land consolidation societies should be formed to bring about consolidation of small holdings. Subsidiary industries will reduce the pressure upon land and increase family incomes. Cottage industries will be effective in combating the inevitable seasonal unemployment of agriculturists. The best results of such reforms can be realised only if proper marketing facilities are offered to the farmers.

The agriculturist in the country should be made aware of the immense value of 'Co-operative Farming.' Co-operative Societies can be started to purchase the rights of cultivation of farmers on long-term leases. This will offer much scope for scientific cultivation. The farmers can be employed as agricultural labourers and they can be paid partly in cash every month and partly in kind during the harvest. The problem of providing housing accommodation for the peasants can also be successfully tackled by such societies. If such a scheme succeeds, cultivators can dispense with the necessity of borrowing for agricultural purposes.

To save the agriculturists from the clutches of money-lenders, we must inculcate in them thrifty habits. False notions about standards

of superiority and status now current among cultivators should receive new orientation. In short, they should be rescued from the tyranny of custom. For this, societies of the type of "Better-living Co-operative Societies" found in the Punjab should be started all over the country. Better living societies have done yeoman service in bringing about a reduction of expenses on marriage and other social ceremonies.

It will, thus be seen that the problem of rural indebtedness cannot altogether be solved by a single remedy, viz., debt-legislation. The need for initiating a many-sided policy in which debt-relief measures will merely supplement measures to promote "better-living" habits of thrift and a better system of production and distribution, is great and emergent.

*"His speech is mortgaged bedding,
On his kine he borrows yet,
At his heart is his daughter's wedding,
In his eyes fore-knowledge of debt.
He eats and hath indigestion,
He toils and he may not stop,
His life is a long drawn question,
Between a crop and a crop."*

—KIPLING.

THE ALL-INDIA VILLAGE INDUSTRIES ASSOCIATION

ITS SPHERE AND WORK

By

J. C. KUMARAPPA

The plan of work of the All India Village Industries Association is not an isolated programme. It is a flank of Gandhiji's non-violent army, encompassing the citadel of hatred and untruth. If the campaign succeeds a society based on love and truth will be ushered in. Unless we keep this background in view we shall not be able to appreciate fully the line of attack. From this point of view the mere co-ordinating of the country's resources to obtain the largest material return is not the only objective. There are much greater issues at stake.

Distribution.—In a non-violent society the well-being of the country is measured by the well-being of the masses. Therefore, our emphasis will be on distribution of wealth and not on accumulation of wealth.

The wealth of a nation consists not in the possession of a few, but in the extent to which the great majority can satisfy their daily wants, especially needs. Looked at from this point of view, increase in the number of millionaires in a country need not indicate increase in the prosperity of the nation. Indeed, it may indicate the opposite if the accumulated wealth was occasioned by restricted distribution. When judging the well-being of a nation the consideration should be centred round the way in which purchasing power is distributed among the citizens. If we adopt this criterion, then industries which distribute wealth are better for the masses than industries that help a few to accumulate a great store of riches. This means that mills, which being centralised, assist in accumulating wealth, are detrimental to the interest of the masses; and cottage industries, which distribute wealth, are by far the better method to adopt, especially in our country, where we are faced, not with a shortage of labour but of capital. Therefore, the method of economic organisation we choose, must be one taking this factor into consideration.

It is with these ideals that the A.I.S.A. and the A.I.V.I.A. have begun working. In large scale industries prices are fixed by outside considerations. After meeting overhead charges the management tries to squeeze the wages down to swell the profits. Usually, the labour cost is comparatively low compared with the cost of other items. But with us, labour being the one item the people can contribute liberally, we follow a method of production which uses this factor

most. Hence, our object is to include as large a share of labour cost as is possible, and so the price of village production is made up largely of labour cost. In other words, we distribute wealth as we produce it.

Industries Selected.—Having decided on the course to be pursued, we have chosen industries with a view to supply the needs of the masses rather than to obtain the largest returns. The necessities being food, clothing, and shelter, we have started to work on paddy husking, flour grinding, gur making, oil pressing, honey production, soap making, cloth production, leather tanning, etc.

We have been studying the diet of the people and advocating the needed reforms. Many of these cottage industries have been languishing for lack of knowledge. They have needed experiments and improved implements. This has been our special sphere.

Although agriculture is the base of all industries, we have not taken it up as it requires a considerable amount of special help in the form of State power to tackle it.

We feel a good deal of co-operation between the villagers is needed to help themselves. A non-violent society must have a better machinery for distributing the products.

All our buildings at our headquarters are constructed with a view to finding a suitable form which will be both economic and healthy. As our people have little or no capital, such assets have to be provided and maintained out of revenue. The houses should be capable of being built with their own labour and maintained by themselves. A house built by skilled labour needs capital to construct it and to maintain it. This will not be within the reach of our villagers. Hence we use split bamboo platted together and plastered over with mud. The roof can be of thatching or tiles. Our scale for such a house is 8 annas per square foot covered. Even this is beyond the present financial resources of our villagers.

We are trying to perform the function that should normally fall to a State—to carry on researches and teach artisans. Naturally, as our resources are limited, we cannot cover all industries. We have taken up only the basic ones at the Headquarters.

Dissemination of Information.—To bring the available knowledge to the people, exhibitions are organised. These emphasise the production rather than the consumption side. Books are published on the results of our experiments to carry the available information to the literate. The periodicals, the *Gram Udyog Patrika* and *Khadi Jagat*, deal with our findings from time to time.

Consumers.—A society based on non-violence will be regulated by the sense of duty of its citizens. Morally, business transactions do not begin and end with the transfer of goods and the paying of money. One who buys goods takes it with all the moral values attached to the

article. If we buy a stolen watch, however cheaply we may have got it, we are heirs to that guilt. Similarly, if we buy goods for the production of which adequate wages, etc., have not been paid we become parties to such injustice. Therefore, where higher prices are the result of paying a subsistence wage, such higher prices are desirable. Till now markets were said to be controlled by prices, but our Associations have made a bold bid to fix prices not from the top but from the bottom, starting from a subsistence wage.

Minimum Wage.—With a view to guaranteeing the conditions of production and the return to the producers, our Associations have laid down a certain scale of wages for given output so as to yield a living wage to a worker.

Ahimsic Swadeshi.—A consumer who is conscious of his duties will obtain his needs only from sources for which he is prepared to shoulder the responsibility. Farther afield he goes for his goods the more difficult will it be for him to be sure of his grounds. These are his limitations. Accordingly, he has to buy from his near neighbours. This is moral swadeshi. Political swadeshi, where one boycotts an article simply because it comes from beyond one's political boundary, is based on hatred. But the moral swadeshi is circumscribed, not by political or geographical boundaries, but by one's own inability to satisfy oneself as to the conditions of production of the goods.

Employment.—Following close on this is the question of employment. When we buy Japanese celluloid combs we direct employment to such industries in Japan, but if we buy horn combs made by Harijans in Cuttack then we direct employment to these people. Therefore, a discriminating buyer creates employment for those around him.

Resourcefulness.—Capitalistic production studies every detail of the consumers' wants. This is essential in a system of production where the supply comes into existence in advance of the demand, and often creates the demand after bringing the supply into being. Good as this may be, it is destructive of the resourcefulness of the consumer. He satisfies himself with what is available. Village industries depend on bespoken custom, which entails the demand should be specific. A man's foot is measured and its shape taken before a shoe is made. Here the customer can be fastidious and such demand to meet exactly the needs of the consumer makes for good workmanship and resourcefulness. It affords opportunities for the creative faculties in the consumer also to express itself, and develops and leads to self-reliance and resourcefulness.

Production.—It has already been mentioned that we do not undertake to produce, but confine ourselves to research, experimentation and teaching. We are, however, attempting to set up a few workers, who have attained a certain amount of skill in the course of our experimental work. We provide the implements and raw materials and market their production. From the finished goods we deduct the cost

of materials and a small instalment towards the payment of the equipment. In the case of oil pressing, we get the villagers to stock their own seeds and get them crushed from time to time, paying the oil presser a fee for each charge of seeds. In this way a certain amount of co-operation is needed to solve their financial requirements. Even these arrangements are in the infant stages and we cannot pronounce definitely yet on their merits. We are to some extent trying to modify and adapt the system in vogue with the Mahajans.

Marketing.—We have not yet evolved any machinery for marketing the goods. At the moment, we have a few certified shops, which have undertaken to satisfy us as regards the purity of the goods and the conditions under which they are produced. They have also to see that our requirements in regard to the payment of minimum wages are adhered to in connection with all goods they sell.

Teaching.—As in financing, so in teaching also, we are trying to work out a modern system based on our old method of master workmen taking apprentices. At our Gram Sevak Vidyalaya we have a year's course in the elements of an industry, both theoretical and practical. This is a kind of matriculation, open to youths above the age of 21. Then they can attach themselves to a recognised producing centre for a year and then take the artisans certificate. After that, another year of work and a written thesis will obtain a kind of graduation. Anyone who has so graduated, if he carries on research in a field chosen by him for two years, qualifies for a degree to teach the subject—somewhat on a par with a doctorate.

General Remarks.—This account gives a bare sketch of the lines on which we are working. Though we have been in existence for nearly seven years we had to grope our way to some definite method of work and so we are yet in the beginnings of things. We publish an account of our doings each year in our annual report. Those readers who wish to follow our work in details may procure these and pursue the subject further.

So far we have thought too much about the machine as an aid to large-scale production, and too little about it as the ally of small-scale production, of craftsmanship, work with an individual flavour. This was inevitable with steam power; but now we have electricity, which is power that can be laid on like gas and water, it is time that we remembered that man is a craftsman as well as a manufacturer.

—J. B. PRIESTLEY.

THE ECONOMICS OF KHADDER

By

DR. B. PATTABHI SITARAMAYYA

The best economics in the world must, to endure, be rooted in ethics. This may appear to be a somewhat cranky view. But when we recognize that Economics is the science and art of living of a community, that science would not be scientific nor that art artistic, if they involved the destruction of our neighbours. The latter would be a tragedy which must engulf ourselves one day, for 'we destroy our neighbour' means that our neighbour destroys us too, the fact being that we are neighbours to one another. The best test of the ethical principle lies, therefore, in the doctrine not merely of "live and let live" but in the still more human doctrine that we should 'live and help others to live,'—not merely let them live.

Let us view the same problem from a purely economic standpoint. No industry can make for the good of the community unless the sale proceeds of its products are brought back to the buyer. We shall give an example. The schoolmaster writes letters and maintains a post office. The postmaster buys cloth and maintains the weaver. The weaver drinks milk and maintains the shepherd. The shepherd buys pots and feeds the potter. The potter wears shoes and helps the cobbler. The cobbler buys tools and sustains the smith. The smith builds a house and engages the carpenter and the mason. All these buy provisions from the grocer and feed him. The grocer buys agricultural products and maintains the peasant. The peasant educates his boys and feeds the schoolmaster. Thus is established a circle which revolves again and again in ever widening peripheries.

If therefore the best economics is rooted in the best ethics, need it be said that each buyer must mind his nearest neighbour. It was thus that our villages were made self-contained by those that had planned them ages ago. What do we do now? We buy our needs from abroad and starve our neighbours. And if we starve others' sons, others are starving our sons. The two are the obverse and the reverse of the coin. What sort of Economics is it which starves the familiar old woman next to us and feeds and fattens the millionaire thousands of miles away? When a mill cloth is bought 33 per cent of the price goes to the wage-earner and 67 per cent to the mill-owner for himself and his raw material and machinery. When Khadder is bought 67 per cent goes to the wage-earner and the rest for overhead charges and raw material. Which serves the larger good of the nation? Which constitutes better Economics, pray?

Industrialisation is a subject and a system that are talked of much indeed. But the age for it is gone. That age is gone when one nation made another the hewer of wood and drawer of water, when India, China, Persia, Arabia, Syria, Palestine, Iraq, Egypt, and Afghanistan consented to feed and enrich Britain. They must now feed themselves and that means the starvation of Britain. It may be that Britain will found new Empires, but even those new victims will wake up one day and save themselves. Therefore the best Economics should be the most honourable, the most humane, and the most ethical economics.

Some friends are inclined to prove Khadder to the doubters by citing war experience and the dearth of mill yarn. That is a temporary phase. At the end of the war, Imperialism and Capitalism, machinery and mills, will be merciless. The stroke of compensation will fall upon the heads of spinners with a thud. To the weaver the war emergency may give passing relief, but if the weaver's economics is not based upon the sound principle of the buyers' money going out by the front door and coming back to him by the back gate, he will have to rue his fate and his Economics at the end of the war. The mill-owners who have helped in the war will clamour for concessions and rebates, tariffs and quotas, and having secured their interests, will raise the price of yarn. The supply of yarn of the handspinner, not the mill spinner, it is that he must depend upon so that there may be absolute permanence about it. India when clothed in khadder would find occupation for 12 crores of spinners and three to four crores of weavers' family members. The Economics of khadder would be to make the poor less poor—give at least a half meal to the starving, a *langoti* to the naked, and a thatched shed to the houseless, and, in one word, do the largest measure of good to the largest number of people.

I do not know much about Tariff, but I know this much ; when we buy goods abroad, we get the goods and the foreigners get the money; when we buy goods made at home, we get both the goods and the money.

INDIAN PROVINCIAL CO-OPERATIVE BANKS' ASSOCIATION

By

V. M. THAKORE,
Secretary.

Origin.—Most of the Provincial Co-operative Banks in British India were organised in the second decade of the present century and by the end of that decade had well established their credit and position in the areas they served. "With the expansion of their resources and business the need of an organisation where the Apex Banks could discuss and decide common problems and policies and establish financial relations with each other to mutual advantage was increasingly felt. The B. & O. Provincial Co-operative Bank, Ltd., in the year 1925, stressed the need of a conference of the representatives of Apex Banks of British India and Indian States to explore ways of establishing closer contact between these Banks. This suggestion was readily accepted and on its being welcomed in responsible quarters a joint invitation from the Bombay Provincial Co-operative Bank and the Bihar and Orissa Provincial Co-operative Bank, for a gathering of the representatives of Apex Banks to be held at Bombay soon after the conference of the Registrars of Co-operative Societies, was issued in December 1925.

The First All-India Provincial Banks' Conference.—As a result of the joint invitation issued by the Bombay Provincial Co-operative Bank and the B. & O. Provincial Co-operative Bank the first conference of the Provincial Banks of British India and Indian States was held in the Sir Vithaldas D. Thakersey Memorial Hall at Bombay on the 15th and 16th January, 1926. It was attended by the representatives of all the Apex Banks of British India, except Burma, and many of the major Indian States. The Conference was assisted in its deliberations by the Registrars of Co-operative Societies of the Punjab, Bombay, C. P. and Berar, Madras, Bengal, U.P., Bihar and Orissa, Assam, Burma, and Coorg in British India, and the Registrars of Baroda, Mysore, Ajmer, Indore, Fyzabad, and Patiala; the Hon'ble Sir C. V. Mehta, Revenue Member, as well as the Hon'ble Sir Ghulam Hussain Hidayatulla, Minister, and the Hon'ble Mr. A. M. K. Dehlvi, Minister in charge of Co-operation of Bombay Government and the Hon'ble Molvi Syed Mohammad Saadullah, Minister of Assam were also present. The Conference was presided over by the late Sir Lallubhai Samaldas, Kt., C.I.E., to whom the co-operative movement in India owes an unforgettable debt of gratitude for his long and extensively valuable services. Mr. B. F. Madan, Chairman of the Bombay Provincial Co-operative Bank, and Rai Bahadur Mihir Nath Roy, Managing Director of the B. & O.

Provincial Co-operative Bank, welcomed the delegates on behalf of the Banks which invited the conference.

Mr. B. F. Madan and Rai Bahadur Mihir Nath Roy, both in their welcome speeches, explained the reasons for the conference and the necessity of an organisation of Apex Co-operative Banks of British India and Indian States for discussion of common subjects affecting them all and with a view to bring them into closer touch with each other to mutual advantage. The President, Sir Lallubhai Samaldas, also stressed the need of such an association in his Address. After the conference it was decided to hold periodical conferences of the Apex Co-operative Banks at different places and to establish an Association of the Indian Provincial Banks with a Standing Committee including one representative of each of the member banks. Mr. V. C. Rangaswami, Secretary of the Madras Provincial Co-operative Bank was elected Secretary of the proposed Association and charged with the duty of framing a suitable constitution for the Association of the Indian Provincial Banks. The preliminary draft of the constitution was prepared by Mr. V. C. Rangaswami in consultation with member banks and after approval adopted by circulation. The constitution was subsequently modified at the fourth Conference of Provincial Banks at Bangalore.

CONSTITUTION

Membership.—According to its constitution only the Provincial Co-operative Banks of British India and Indian States are eligible for the membership of the Association. Where no Provincial Bank exists the Apex financing institution of the Province in British India or Indian State is admitted as a member. The following are the members of the Association :—

1. The Bengal Provincial Co-operative Bank, Calcutta.
2. The Madras Provincial Co-operative Bank, Madras.
3. The Madras Co-operative Central Land Mortgage Bank, Madras.
4. The Bombay Provincial Co-operative Bank, Bombay.
5. The Bihar Provincial Co-operative Bank, Patna.
6. The Central Provinces & Berar Provincial Co-operative Bank, Nagpur.
7. The Punjab Provincial Co-operative Bank, Lahore.
8. The Sind Provincial Co-operative Bank, Karachi.
9. The Trivandrum Central Co-operative Bank, Trivandrum.
10. The Mysore Provincial Co-operative Apex Bank, Mysore.
11. The Hyderabad Co-operative Dominion Bank, Hyderabad.
12. The Indore Premier Co-operative Bank, Indore.

Subscription.—Member Banks with a paid up share capital of Rs. 2 lacs and under are required to pay an annual subscription of Rs. 50, while member Banks with a paid up share capital of over Rs. 2 lacs but

below Rs. 5 lakhs are required to pay an annual subscription of Rs. 100. Member Banks with a paid up share capital of over Rs. 5 lacs pay an annual subscription of Rs. 150 per annum. Most of the Provincial Banks in British India have a paid-up share capital of over Rs. 5 lacs and pay annual subscription at the maximum rate. The subscription is payable in advance every year and has so far been received in time.

Objects.—The Objects of the Association are :—

- (a) Protection, furtherance and representation of common interests specially in matters of finance, legislation and administration.
- (b) Development, strengthening and improvement of the member Banks.
- (c) Advising and assisting the members in all co-operative, financial and economic matters.
- (d) Convening of periodical conferences of the members of the Association.
- (e) Taking of such steps as would promote the above objects.
- (f) Collection of funds that will be necessary for the above purposes.
- (g) Generally to work for the common good of all members.

Rights and Obligations of members.—The members of the Association are entitled to :

- (a) Take part in the general meeting and the periodical conferences.
- (b) Make use of the institutions established by the Association.
- (c) To receive all reports and publications of the Association.

The authorities and office bearers of the Association.—The authorities of the Association are :—

- (1) The General Body and
- (2) The Standing Committee

(1) The General Body of the Association consists of the representatives of the member Banks and of the Secretary of the Association, when he is not otherwise a member of the General Body. Each member Bank is entitled to be represented by not more than 2 delegates at the meeting of the General Body and each member Bank is entitled to one vote to be recorded as a joint vote of the representatives. If the two delegates of a member bank are divided the vote of the Bank is not counted.

(2) The Standing Committee consists of the President and the Secretary who are ex-officio members and of one representative of each of the member Banks nominated by the member Bank concerned from its delegates sent to the General Body.

Organs of the Association.—The organs of the Association are the periodical conferences, the General Body and the Standing Committee.

Office-bearers.—The office-bearers consist of a President, a Vice-President who is to preside at meetings of the General Body and the Standing Committee in the absence of the President and one Honorary Secretary who may or may not be a member of the General Body. The office-bearers are elected at the conference.

Business of the General Body :—

- (a) To elect the President and the Secretary of the Association.
- (b) To consider the reports and accounts of the Association.
- (c) To decide upon, add and alter or amend these rules.

The President and the Secretary of the Association hold office ordinarily till their successors are elected and enter upon their office.

Duties of the Standing Committee.—The Standing Committee has the following among other powers:

- (1) To convene General Meetings of the Association and prepare agenda for such meetings.
- (2) To take action on the resolutions and decisions of General Meetings.
- (3) To furnish an annual report of its work and audited statements of accounts.
- (4) To take decisions by means of correspondence or circulation of papers where necessary.
- (5) Generally to carry on the business and administration of the Association for the furtherance of the objects of the Association.

Conferences.—The periodical conferences convened by the Standing Committee are held at places, on dates and at times decided upon by the Standing Committee in advance. The conferences, however, are generally held jointly with the conferences of the All-India Co-operative Institutes' Association. The President of the conference of the Indian Provincial Co-operative Banks' Association is selected by the Secretary in consultation with the members of the Standing Committee of the Banks' Association. The President of the conference presides only at the conference and may be different from the President of the Indian Provincial Co-operative Banks' Association who presides at the meetings of the General Body of the Association and the meetings of the Standing Committee.

Nature and functions.—The Association is a deliberative, educative and advisory body. Its membership does not in any way interfere with the authority, organisation, and administration, of the member banks.

Registration of the Association.—The Association is not a registered body and the question of its registration has been engaging the attention of the authorities since its inception. As the headquarter of the Association shifts from place to place with the change in the Honorary Secretary and as the Indian Co-operative Societies Act II of 1912 does not provide for the registration of a co-operative society having an area of operation over the whole of British India and Indian States it has not so

far been found possible to register the Association as a co-operative society.

CONFERENCES

The First All-India Provincial Co-operative Banks' Conference.—As reported before, the first conference of the Provincial Banks of British India and Indian States was held in Sir Vithaldas D. Thakersey Memorial Hall at Bombay on the 15th and 16th January, 1926 with Sir Lallubhai Samaldas in the chair. All the Provincial Co-operative Banks of British India excluding Burma and a large number of the Apex Banks of Indian States were represented at the Conference.

The Second All-India Provincial Co-operative Banks' Conference.—The second conference of Provincial Banks was held in the Committee Room at Gorton Castle, Simla on 26th and 27th September, 1928. This conference was presided over by the Hon'ble Mr. V. Ramadas Pantulu of Madras in welcoming whom the retiring President of the Indian Provincial Co-operative Banks' Association, Sir Lallubhai Samaldas, said that the services of Mr. Pantulu to the co-operative movement in India were so well-known both in connection with the Reserve Bank Bill and in sponsoring the propositions in regard to Mortgage Banks in the legislature that he needed no introduction from him. In accordance with the old constitution of the Indian Provincial Banks' Association the Hon'ble Mr. V. Ramadas Pantulu, as President of this Conference, became the President of the Association also. Although the notice of this conference was short and the delegates had to make their own arrangements for their stay in the hill station at the time the Government of India was holding its offices the attendance was satisfactory. Delegates from 9 Apex Banks of British India and Indian States attended the conference, all the major provinces of British India being represented including 2 Indian States. The Registrars of Bombay, Madras, B. & O. and C. P. and Berar as well as the Registrar of Cochin were also present.

At the meeting of the General Body of the Indian Provincial Banks' Association held after the conference Mr. V. M. Thakore was elected Secretary of the Association.

Joint Conferences.—In April, 1931 the second All-India Co-operative Institutes' Conference was held at Hyderabad (Deccan) with Sir Lallubhai Samaldas, Kt., C.I.E., in the chair. At this Conference Sir Lallubhai Samaldas advocated the holding of one joint conference of the Provincial Banks, Institutes and the Registrars in the following words:—

"In 1926 the Directors of the Bombay Provincial Co-operative Bank in consultation with the other Provincial Banks decided to hold a conference of such banks and the first conference of Apex Banks was held in Bombay, soon after the Registrars' Conference. At the invitation of the promoters many of the Registrars attend the Banks' Conference. It was at that time that the question of co-ordination between the Institutes and Federations also was considered and as a result of prolonged deliberations a preliminary Institutes' Conference was held at Simla. Later on an Association for the co-ordination of the activities of these

institutes was established in September, 1929. We have thus three conferences held biennially or even triennially, two of these being held under the auspices of non-official workers, while one is held under the auspices of official workers with non-officials co-opted to work with them. As many of the co-operators in the country are connected with more than one side of the movement and as there is no sharp division between their activities, I am of opinion that we should have only one Association or one conference of all the three branches. The joint conference which we might call the Indian Co-operative Congress can have three departments, each holding its subjects committee meeting or sectional conference under its own chairman. The resolution of the Subjects Committees which affect the other activities should be submitted for consideration and adoption at the open session of the whole congress. If this suggestion of mine is accepted, there will be better co-ordination between the three branches of the movement and there will also be saving of time and energy of the workers and less strain on the resources of the movement. If this meets with your approval a resolution on the subject may be submitted to the conference."

The conference accordingly adopted the following resolution :—

"This conference is of opinion that separate All-India Conferences for the Provincial Co-operative Banks and the Provincial Co-operative Institutes are unnecessary and recommends that instead there should be only one conference, the All-India Co-operative Conference, to which the Provincial Governments and the Indian States should be invited to depute their Registrars of Co-operative Societies."

This practice has since been introduced and the Indian Provincial Co-operative Banks' and the All-India Co-operative Institutes' Conferences are held at the same place and time but under different chairmen, the chairman of the Provincial Banks' Conference being elected by the Standing Committee of the Indian Provincial Banks' Association for each conference separately and the President of the Indian Provincial Co-operative Banks' Association being elected at the meeting of the General Body of the Association held after the conference.

The Third Indian Provincial Co-operative Banks' Conference.—The third Indian Provincial Co-operative Banks' Conference was held jointly with the third conference of the All-India Co-operative Institutes' Association in the Town Hall at Amraoti on the 23rd, 24th and 25th June 1934. At this conference the name of the All-India Provincial Banks' Conference was changed to the Indian Provincial Banks' Conference. The Hon'ble Mr. V. Ramadas Pantulu, President of the Indian Provincial Co-operative Banks' Association welcomed the delegates and visitors and the conference was presided over by Rai Bahadur Mihirmath Roy of Bihar. All the Provincial Banks of British India were represented at the conference and the Indian States of Hyderabad, Mysore, Indore, Baroda, Gwalior and Bhopal were also represented. Over 75 delegates and visitors were present at the conference including prominent co-operators of the country.

At the meeting of the General Body of the Indian Provincial Banks' Association held after the conference the Hon'ble Mr. V. Ramadas

Pantulu was re-elected President and Mr. V. M. Thakore re-elected Honorary Secretary of the Association.

The Fourth Indian Provincial Co-operative Banks' Conference.—The fourth Indian Provincial Co-operative Banks' Conference was inaugurated by Sir Mirza M. Ismail, K.C.I.E., O.B.E., in the Sir Puttanna Chetty Town Hall at Bangalore. This conference was held jointly with the conference of the All-India Co-operative Institutes' Association on the 3rd and 4th July, 1937, at which messages from His Excellency the Viceroy of India and His Highness the Maharaja of Mysore were read. This conference was presided over by Mr. Jamshedji Nusserwanji Mehta of Sind and was attended by delegates from all the Provincial Co-operative Banks of British India and the Apex Co-operative Banks of the Indian States of Indore, Hyderabad, Cochin, Travancore and Mysore. The number of delegates and visitors at this conference exceeded 120. Mr. K. G. Ambegaonkar, I.C.S., Officer-in-charge, Agricultural Credit Department of the Reserve Bank of India also attended the conference. The Registrars of Madras, Punjab, Coorg, Mysore, Cochin and Gwalior were also present and a number of messages from prominent co-operators of the country were received.

At the meeting of the General Body of the Indian Provincial Banks' Association the Hon'ble Mr. V. Ramadas Pantulu was re-elected President of the Association and Mr. V. M. Thakore was re-elected Honorary Secretary.

Meetings of the Standing Committee of the All-India Provincial Co-operative Banks' Association.—During the past 15 years of its existence the Indian Provincial Co-operative Banks' Association has, due to various causes, been able to hold only 4 conferences, but during the interval between two conferences, meetings of the Standing Committee of the Association were held at least once a year. After the year 1931 all the meetings of the Standing Committee of the Indian Provincial Co-operative Banks' Association have been held jointly with the meetings of the Standing Committee of the All-India Co-operative Institutes' Association. All the four conferences as well as meetings of the Standing Committee of the Indian Provincial Co-operative Banks' Association are held as a rule at different places all over the country in order to convey the message of co-operation to different parts of the country and in order to enable the delegates to come in close touch with the problems and peculiarities of the movement in different parts.

"If the working of the two institutions (The Indian Provincial Co-operative Banks' Association and the All-India Co-operative Institutes' Association) is strengthened so as to make them serve as co-ordinating agencies in the matter of finance and research, we think that it will not be necessary to set up another All-India body, e.g., an All-India Co-operative Council with administrative or controlling functions as suggested by the foreign banking experts."

—The Indian Central Banking Enquiry Committee.

ALL-INDIA CO-OPERATIVE INSTITUTES' ASSOCIATION
ITS FUNCTIONS AND WORKING

By

KHAN MOHAMMAD BASHIR AHMAD KHAN, M.A., LL.B., M.R.A.S.
(LONDON),

Honorary Secretary

Origin.—The All-India Co-operative Institutes' Association was started in 1929.

Membership.—According to the constitution, Co-operative Institutes, Federations or Unions, registered under the All-India or the Provincial Co-operative Societies' Acts and having jurisdiction over the whole of a Province in British India or an Indian State, or a part of a Province in British India when no Provincial Co-operative Institute, Federation or Union exists shall be eligible for membership of the Association.

The following Co-operative Institutes are members of the Association :—

1. The Madras Provincial Co-operative Union, Luz, Mylapore, Madras.
2. The Andhra Provincial Co-operative Union, Rajahmundry, Madras Presidency.
3. The United Provinces Co-operative Union, Lucknow.
4. The Bengal Co-operative Alliance, Park Circus, Calcutta.
5. The Punjab Co-operative Union, Lahore.
6. The Bihar & Orissa Co-operative Federation, Patna.
7. The Surma Valley Co-operative Organisation Society, Sylhet, Assam.
8. The Bombay Provincial Co-operative Institute, 9, Bake-house Lane, Fort, Bombay.
9. The Central Provinces and Berar Co-operative Federation, Bilaspur, Central Provinces.
10. The Berar Co-operative Institute, Amraoti.
11. The Baroda State Co-operative Institute, Mandvi Road, Baroda.
12. The Hyderabad Central Co-operative Union, Hyderabad (Deccan).
13. The Indore Co-operative Central Association, Malgoddow Road, Siyaganj, Indore.
14. The Travancore Co-operative Institute, Trivandrum, Travancore State.

15. The Cochin Central Co-operative Institute, Trichur, Cochin State.
16. The Mysore Co-operative Institute, Hardinge Road, Bangalore City.
17. The British Administered Areas Central Co-operative Union, Secunderabad, (Deccan)
18. The Coorg Central Co-operative Bank, Mercara, Coorg.
19. The Ajmer Central Co-operative Bank, Ajmer-Merwara, Ajmer.
20. The Kotah State Co-operative Bank, Kotah (Raj.).
21. The Jammu and Kashmir Provincial Co-operative Institute, Jammu, (Kashmir State).
22. The Shri Krishna Bank, Bharatpur.

Objects.—The objects of the Association are:—

- (1) to promote and extend co-operation through the member-institutes;
- (2) to safeguard and represent common interests particularly in matters of legislation and administration;
- (3) to convene All-India Co-operative Conferences periodically;
- (4) to give publicity to the decisions of the Conferences and to take necessary action thereon;
- (5) to publish an Indian Co-operative Year-Book, Journals, Memoirs, Bulletins, etc.;
- (6) to furnish advice and assistance to member-institutes on all co-operative, legal and economic questions on their requisition;
- (7) to collect and administer funds for the above purposes.

Organs.—The Organs of the Association are:—

- (a) The Conference, and
- (b) The Standing Committee.

Conference.—

(a) The Conference consists of representatives of the member-institutes elected on the basis of the number of co-operative societies affiliated to them, at the rate of one representative for every one thousand societies or a fraction thereof, subject to a maximum of 10. Where the Provincial Institute affiliates to it central societies also the number of primary societies affiliated to such central societies shall be deemed to have been affiliated to the Provincial Institute, for the purpose of such representation.

(b) The Standing Committee consists of one representative from each of the member-institute having a membership of less than 4,000 societies and two from each of the member-institutes having membership of 4,000 societies or more.

Office-bearers.—The office-bearers consist of a President, two Vice-Presidents and two Honorary Secretaries, one of whom is also

the Treasurer. The office-bearers are elected at the Conference, and are ex-officio members of the Standing Committee.

Subscription.—Each member-institute has to pay an annual subscription as under :—

Institutes having a membership of 500 or less than 500 societies to pay Rs. 25 per annum.

Institutes having a membership of more than 500 but less than 4,000 societies to pay Rs. 50 per annum.

Institutes having a membership of 4,000 societies or more to pay Rs. 100 per annum.

Nature of the Functions.—The Association is a deliberative and educative body and membership thereof does not in any way interfere with the autonomy, internal organisation and the administration of such member-institutes.

Administration.—The following are the present Office-bearers of the Association :—

President : The Hon'ble Mr. V. Ramadas Pantulu, B.A., B.L., (Madras).

Vice-Presidents : (1) Diwan Bahadur K. V. Brahma, B.A., LL.B., C.I.E., M.B.E., (Berar) and (2) Mr. S. K. Lahiri (Bengal).

Honorary Secretary and Treasurer : Khan Mohammad Bashir Ahmad Khan, M.A., LL.B., M.R.A.S., (London) ; (Punjab).

ALL-INDIA CO-OPERATIVE CONFERENCES

The First All-India Co-operative Conference.—The First All-India Co-operative Conference was organised at Simla in September, 1928. It was presided over by Sir Lallubhai Samaldas, C.I.E. It drafted a scheme for the constitution of the All-India Co-operative Association. This scheme was circulated to all Co-operative Institutions for opinion and suggestion. These opinions and suggestions were considered at the adjourned Session of the Conference held at Bombay in September, 1929. The final Constitution was approved by this Conference. Thus originated the All-India Co-operative Institutes' Association from 1st October, 1929.

The Second All-India Co-operative Conference.—The Second All-India Co-operative Conference was held at Hyderabad (Deccan) in April, 1931 with Sir Lallubhai Samaldas, C.I.E., in the Chair. All major Provinces and States were represented at the Conference.

The Third All-India Co-operative Conference.—The Third All-India Co-operative Conference was held at Amraoti in June, 1934.

Prominent Co-operators from all Provinces and States attended it. The Conference reviewed the position of the co-operative movement in the country and suggested remedies for its improvement.

The Fourth All-India Co-operative Conference.—The Fourth All-India Co-operative Conference was held at Bangalore in July, 1937. His Excellency Lord Linlithgow, Viceroy of India sent the following message to this Conference:—

"It gives me great pleasure to send my good wishes for the success of the Fourth All-India Co-operative Conference, which is being held at Bangalore. Keenly interested as I am in all that can make for improvement in the conditions of life of the cultivators of the Indian countryside, I appreciate fully the value and importance of the Co-operative Movement. I trust that the Conference will lead to further extension of the scope for the service of the Movement to the true and lasting benefit of the rural population of India."

The Fifth All-India Co-operative Conference.—The Fifth All-India Co-operative Conference is overdue and proposals to hold it in the near future are under consideration.

Meetings of the Standing Committee.—The first Standing Committee was held at Simla in September, 1928, the second at Bombay in September, 1929 and the third at Nagpur in December, 1929. The fourth meeting was convened at Bombay in April, 1930, the fifth at Hyderabad (Deccan) in April 1931 and the sixth at Bombay in December, 1931. The seventh meeting was organised at Amraoti in June, 1934, the eighth at Calcutta in December 1934, the ninth at Patna in September 1935 and the tenth at Fyzabad in April 1936. The eleventh meeting was held at Delhi in March, 1937, and was followed by the twelfth meeting at Bangalore in July, 1937 and the thirteenth at Vizianagaram in April, 1938. The fourteenth meeting was held at Madras in October, 1939 and the fifteenth at Bombay in January, 1941.

Co-operative Education.—The Association has always kept in the forefront the question of co-operative education and has formulated schemes from time to time for the advancement of this cause. The question was taken up at the Standing Committee meeting held at Patna in September, 1935, where it was resolved that "steps should be taken by co-operators to put co-operative education in India on a sound and satisfactory basis and in order to do so, a scheme of co-operative education was circulated to the several provincial institutes and provincial banks for their opinion. (For the details of the scheme see July 1935 issue of the *Indian Co-operative Review*).

The Standing Committee at its Delhi meeting in Easter 1937 once again reiterated its opinion and stated that "this meeting regrets that in some provinces the Co-operative Institutes were not consulted in regard to the schemes of co-operative education formulated by the Pro-

vincial Governments in connection with the grant made by the Government of India for the promotion of co-operative education and that the work of such education has not been entrusted to the Provincial Co-operative Organisations and once more urges on the Provincial Governments the necessity to entrust co-operative education to the Provincial Co-operative Institutes."

Co-operative Courses.—The Conference held at Amraoti 1934, directed the Standing Committee of the Association to obtain information about the arrangements for courses in Co-operative Education in the various Provinces and States in India and to make that information available to the member-institutes in a suitable form.

A detailed description of the arrangements of Co-operative Education prevailing in the Provinces and States was given in the *Indian Co-operative Review*, July 1935. The information about the new schemes of Co-operative Training adopted in the Provinces as a result of the Government of India Grant for co-operative education and also information about the syllabus of the different courses is being collected and will be published in due course.

Co-operative Societies and Income-tax.—The question of the taxation of co-operative societies is very important and has, therefore, come under review in many meetings.

Under the old Income-tax Act, Section 60 empowered the Government of India to give exemption to various people and institutions where thought necessary. The Government of India has given exemption to co-operative societies under this Section, but the notification containing this exemption was so ambiguously worded that the Commissioners of Income-tax of various provinces differently interpreted the notification and it ceased to be useful in practice. When the new Income-tax Act was under consideration several attempts were made by the President of the Association to get a clear enunciation of the policy to be followed by the Government in the matter of Income-tax to be levied on co-operative societies. The President wanted clear exemption being given to societies from tax as in the case of pay and pension of officers who are drawing large amounts in England. Sir James Grigg, the Finance Member, was ready to consider the case of co-operative societies favourably and give them some exemption.

The following resolution was passed in this connection at the Jubbulpore meeting in April, 1939:—

"This meeting considers that the position of the co-operative movement under the Income-tax Act is extremely unsatisfactory and places the co-operative banks in a worse position than the joint-stock banks.

"This meeting adopts the draft memorial prepared for submission to the Finance Department of the Government of India and authorises

the President to present the same and take necessary action to get the law amended."

"This meeting also urges upon the Provincial Governments to support the memorial and to impress upon the Central Government to revise the Act in the manner therein suggested. A copy of the memorial shall be sent by the President to each Provincial Government in the country."

The memorial was considered favourably by the Government and co-operative societies were given some relief.

The question of the excess profit tax was taken up at the Bombay meeting in January, 1941, and the following resolution was passed:—

"This meeting, while recording its grateful thanks to the Central Government for the relief given to co-operative societies in respect of super-tax and income-tax, requests the Government to exempt co-operative societies from the operation of the excess profit tax, for the levy of such tax will considerably reduce the ability of the banks, which are working on low margins, to serve the interests of the agriculturists by keeping the rates of interest charged by rural societies to the members at the present level."

The efforts of the Association have partially been successful in obtaining relief for co-operative societies at least in regard to super-tax and this has resulted in recurring saving of many lakhs of rupees to co-operative societies all over the country. The Association may legitimately be proud of this achievement.

Reserve Bank of India: Remittance Transfer Facilities.—The relations of the Reserve Bank of India with the Co-operative Movement have constantly engaged the attention of the co-operators of this country and this is apparent from the numerous resolutions passed by the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association. The subject was considered at great length at the Bangalore Conference in July, 1937, and also at subsequent meetings and exhaustive resolutions were adopted.—(*I.C.R.*, Vol. III, page 468).

Co-operative societies in this country have enjoyed the facilities of free Remittance Transfer Receipts for the past several years. These facilities were gradually curtailed by the Imperial Bank of India and practically withdrawn by the Reserve Bank of India last year. The withdrawal of these facilities was discussed in the Bombay meeting in January, 1941, and a suitable resolution was adopted.—(*I.C.R.*, Vol. VI, Supplement, pages 14 to 22).

Official Control.—The question of official control over the co-operative movement in India has continued to exercise the minds of the workers; this is evident from the discussions the subject has provoked at both the official and the non-official conferences. The Registrars at their official conference held in Delhi in the beginning of 1934, gave

their verdict that "in view of the present circumstances time has not yet come for slackening the official control." The non-officials in the All-India Co-operative Conference held at Amraoti in June 1934, were no less emphatic on the point when they passed resolutions disapproving the attempts to get the movement under official control.—(*I.C.R.*, Vol. I, page 129).

Again a resolution was passed by the joint meeting of the Standing Committees of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association held at Delhi in Easter, 1937, protesting against the policy of officialising the movement.—(*I.C.R.*, Vol. III, page 137).

Rehabilitation of the Co-operative Movement.—The question of the rehabilitation of the Co-operative Movement in the various provinces and States in India is very important and needs immediate attention. The Association has always been alive to its responsibilities in this important matter and has considered this vital problem at its various sittings, and keeping in view the local conditions, has formulated different schemes for this purpose. The Berar Scheme was drafted in the Madras Meeting in October, 1939 and the schemes of Bengal and Bihar were examined.—(*I.C.R.*, Vol. V, pages 571 to 581). Principles were enunciated by the Association at its Bombay meeting held in January, 1941, for the resuscitation of the co-operative movement.—(*I.C.R.*, Vol. VI, Supplement, pages 23 to 35).

Co-operation and Women.—The Association realised and has always laid special stress on the need to bring the women in its fold so as to achieve the aims of co-operation, that is to say, economic, social and moral emancipation of the people and the general well-being of the whole community. This is evident from the resolutions passed by the Association at its meetings held in Patna and Bangalore.—(*I.C.R.*, Vol. I, No. 4, Supplement, page 33, and *I.C.R.*, Vol. III, page 485).

Co-operative Service.—The question of the improvement of the conditions of service of the employees in Co-operative Institutions was considered and a resolution was adopted at the Bombay meeting in January, 1941.—(*I.C.R.*, Vol. VI, Supplement, page 30).

The Association has established contacts with co-operative organisations in other countries and thus keeps itself in touch with international activities. The Association is affiliated to the International Co-operative Alliance, London, and sends delegates to the International Co-operative Congress, when feasible. The idea of celebrating an International Co-operative Day throughout the world was originated by the International Co-operative Alliance. The Association lost no time and effort to organise the celebration of Co-operative Day every year under its auspices by co-operators and co-operative institutions in every part of this country. The first Saturday of November was fixed for the celebration of Co-operative Day in India, to suit the climatic

and agricultural conditions in India, while the rest of the world celebrates the occasion on the first Saturday in July each year. The Day was inaugurated to afford an opportunity of manifesting the solidarity of the co-operators of the world and their unquenchable determination to make their economic principles prevail. The question of 'War and Co-operation' was also considered by the Standing Committee at its meeting held in Bombay in January, 1941, when resolutions were passed declaring its conviction that the co-operative system provides the best basis for a world settlement calculated to ensure Freedom, Security, Social Justice and Universal Peace.—(*I.C.R.*, Vol. VI, Supplement, page 14).

The Indian Co-operative Review.—The *Indian Co-operative Review*, which is the organ of the All-India Co-operative Institutes' Association, and the Indian Provincial Banks' Association was started in January, 1935, as a quarterly journal and is edited by the Hon'ble Mr. V. Ramadas Pantulu. The Review has circulation both in India and abroad. The seventh volume of the journal is completed with the fourth quarter's issue for 1941.

Indian Co-operative Series.—Besides publishing the *Review*, the Association has also given facilities for the publication of co-operative literature and so far ten different books and brochures have been published under the auspices of the Association. In addition to the above, the Association published two pamphlets giving the by-laws of the Provincial Co-operative Institutes in British India and Indian States in one and their constitution and working in the other. The by-laws of the Provincial Co-operative Banks in British India and Indian States have been collated in another publication.

Conclusion.—The Association is yet in its infancy, being only in the thirteenth year of its life. It is progressing slowly on sound and satisfactory lines and is rendering useful services to the cause of Co-operation in a modest way. It is gaining strength as the years go by. Its importance and utility has been recognised by the Government of India, the Reserve Bank and the Co-operative Departments of the various Provinces and States in India. It has been given the privilege of sending its representative to the Registrars' Conference by the Government of India and almost all the Provincial Governments have agreed to supply their reports and publications, particularly those relating to the co-operative movement, free of cost. The Association has provided useful literature by publishing interesting and instructive books on Co-operation. The *Indian Co-operative Review*, the organ of the Association, has been acclaimed to be the best Co-operative Journal in the country. The Association has succeeded in making the Co-operative Day a real festival in the country-side. The Association is often asked to give evidence before Committees and Commissions when occasion arises. As an instance, it gave evidence before the Central Banking Enquiry Committee which accepted a good many of its pro-

posals relating to the improvement of the co-operative movement. The opinion of the Association is sometimes invited on legislation concerning the welfare of the agriculturists. The importance of the Association can further be gauged from the fact that its President has been elected as a member of the Central Committee of the International Co-operative Alliance, London.

The Association is a real federation of Co-operative Institutes in the country. Its area of operation extends over British India and also the Indian States. It is a deliberative and an advisory body. It does not interfere in the working of the Provincial Co-operative Institutes or the co-operative movement of the different Provinces and States in India. It, however, advises them on complex questions of policy and development of the co-operative movement and leaves it to the discretion of the Provinces and States to carry out the policy enunciated by it after making such modifications as local conditions may demand.

The scope of work before the Association is very vast and though it has done some little piece of valuable work, it has not yet touched the fringe of the problem. Its excuse for it is its limited financial resources. Its field of activities could be widened if we could get more funds. It is hoped that with the aid and assistance of the Provincial Co-operative Institutes and co-operators in general, and the members of the Standing Committee in particular, the Association will grow from strength to strength and thus give a new and vigorous life to the co-operative movement in this country.

"The objects of co-operative education are primarily the formation of co-operative character and opinions by teaching the history, theory and principles of the Movement with economics and industrial and constitutional history in so far as they have a bearing on co-operation, and secondarily, though not necessarily of less import, the training of men and women to take part in industrial and social reforms and civic life generally".

—Educational Programme of Manchester
Co-operative Union, 1934-35.

THE INDIAN CO-OPERATIVE REVIEW

By

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History.—The need for a journal reviewing periodically the co-operative movement in the whole of India has long been felt by workers in the field, official and non-official. The question was first mooted in the Ninth Conference of Registrars in 1926 and a resolution was passed that an Indian Co-operative Magazine should be published from Delhi and that it should contain articles of general and of provincial interest. But this did not bear fruit, partly because the scale of expenditure then suggested (Rs. 10,000 a year) was felt to be too high, while there was no guarantee of finance forthcoming from any important provincial institution. It was, in fact, strongly opposed by some official and non-official leaders, either because of the fear of its becoming a competitor with the existing provincial journals or of its becoming a predominantly official organ. But there was then no non-official organisation to undertake the publication.

The Hon'ble Mr. V. Ramadas Pantulu, immediately after his return, at the close of the year 1934, from the session of the International Co-operative Congress held in London, revived the idea of an All-India Co-operative Journal. He also said that there was a desire on the part of the co-operators of other countries to have an All-India Journal so as to give them a comprehensive idea of the working of the movement in the several provinces and of the Indian Co-operative Problems. As necessary support was forthcoming from the two All-India Co-operative Associations the starting of the journal became an accomplished fact, and the first issue was published in January 1935.

Writing as early as 1930, in "Co-operation in India" edited by him, five years before the *Indian Co-operative Review* was actually started, Prof. H. L. Kaji gave the following forecast of the nature and scope of the All-India Co-operative Journal to which he gave the name, '*Indian Co-operative Review*': "With articles on co-operative topics of general importance in the country from writers of eminence, with reviews of the movement in the different provinces and states from time to time, with studies on particular aspects of co-operation by close students of the subjects, which might later on be produced as monographs, with reviews of co-operative books published at home and abroad, and with a section devoted to important co-operative news, *The Indian Co-operative Review* would, there is no doubt, meet a longfelt want of co-operative workers and students of co-operative economics." *The Indian Co-operative Review* has from its inception endeavoured to fulfil this role and has now prov-

ed that the apprehension of an All-India Journal becoming a competitor with the existing provincial journals or of its becoming a predominantly official organ was not well-founded.

Aims.—Describing the aims and objects of the journal, the Editor said in the first issue that "The Review aims at supplying a keenly felt want; it will provide a medium for the periodical publication of articles on co-operation that would be of importance to the whole of India by writers of some standing and authoritative position. Attention will be drawn to co-operative legislation, experiments and activities in other countries, whose conditions are similar in several respects to ours. For, as has been well said, 'Blunders will be avoided, not by excessive caution which spells stagnation, but by deductive reasoning based upon the comparative method.' We propose to have correspondents in several foreign countries to provide us from time to time notes of events and to indicate to us the sources of information likely to be of great interest to co-operators in our country."

Difficulties.—Visualising the difficulties of publishing the journal the Editor remarked that "We are not unaware of the difficulties of running an All-India Journal of the character we desire. Some of the provincial journals have in the past attracted articles of the type that we envisage for this journal; and to that extent they may fear we are competing with them. We may declare at once that while we are anxious in this Review to cater to the whole of India in a systematic way, we are equally anxious that the existing provincial journals should develop to the fullest possible extent, that the quarterlies should become monthlies, that the several Provinces and States which have no journals of their own should start theirs in English, and in Vernacular in particular, to deal primarily with the movement within their territories and to draw upon the experiences outside theirs in relevant cases. Theirs should be the most authoritative treatment of local topics, and we will ordinarily look forward to them for furnishing the fullest information on special problems of their own. We shall draw in this journal pointed attention to their difficulties, whenever necessary, and publish extracts from the more interesting articles. In special cases we shall invite contributions to this Review on types of societies that may be worthy of adoption over a wider area."

CONTENTS OF THE REVIEW

First Year.—The first issue of the *Indian Co-operative Review* was published in January, 1935. It contained articles among others on (1) agricultural credit; (2) debt conciliation; (3) consolidation of holdings on a co-operative basis; (4) arbitration societies and women's societies, novel forms of Co-operation in the Punjab; (5) co-operative education; and (6) co-operative marketing.

From the second issue the scheme adopted was to give full discussion of one or two special topics of major importance, although articles on other topics were also continued to be published. An attempt was

made in the second issue to deal with Debt Conciliation and Consumers' Movement in India. The third issue specialised in describing the Co-operative Education and Training in force in the various Provinces and States in India. Co-operative Marketing was the main subject discussed in the fourth issue. This successfully completed the first year of the Review.

Second Year.—The January 1936 issue confined itself to the examination of the Urban Co-operative Movement in the various Provinces and States in India. Then followed a discussion of Cottage Industries and Co-operation in the April 1936 number. The next issue (July 1936) dealt with the problems of the Central Co-operative Banks in different parts of the country. The question of Land Mortgage Banks was taken up in the October 1936 issue.

This concluded the second year of the life of the Review.

Third Year.—An attempt was made in the first issue, January-March 1937, of the third year, to describe Co-operative Law and Administration including Supervision and Audit. But very few articles on the subject were received, and therefore the idea could not be given a practical shape. However, the issue contained useful articles on a variety of topics. The succeeding issues of this year dealt with the following subjects:—

(1) April-June :—Economic Planning with special reference to Co-operation and programmes of Rural Reconstruction in operation in various Provinces and States.

(2) July-September:—Indebtedness and Legislative and Executive measures taken in important Provinces and States for the relief of the agriculturists and to deal with indebtedness.

(3) October-December :—Proceedings of the International Co-operative Congress held in Paris in September, 1937 and some articles of general interest dealing with some special aspects of Co-operation in India.

Fourth Year.—Volume IV was published in 1938. To keep the readers in touch with latest developments in co-operative thought and action, various topics were discussed therein. The January-March issue contained articles on "Women and Co-operation." That for April-June was mainly devoted to a discussion of the problems of 'Audit' of co-operative societies in India. Besides a variety of topics, the 'Co-operative Supply of Agricultural Requirements' was discussed in the July-September issue.

Fifth Year.—In the January-March issue of Volume V 'Debt Relief Legislation' and its effects on rural credit in the various parts of India were discussed. Then followed a description of the 'Co-operative Milk Supply and Dairy Societies' in July-September, 1939 issue. 'The Consolidation of Land Holdings' in various Provinces and States in India formed the main topic of the October-December issue.

Sixth Year.—Volume VI was published in 1940. 'War and Co-operation' was the chief topic of this volume. The Report of the Committee on Co-operation in Madras was discussed in the July-September issue. In addition to these, a variety of articles and contributions on different aspects of Co-operation by eminent writers were also published in this issue.

Seventh Year.—The January-March issue of Vol. VII was mainly devoted to the study of the origin, working and progress of the Provincial Co-operative Banks in India. Then followed the problems of the Land Mortgage Banks in different parts of India in the April-June issue. Weavers' Co-operative Societies were detailed in the July-September, 1941 issue. The issue for October-December 1941 contained articles on different topics viz., Cane-growers' societies in Central Provinces and Bihar, Milk Supply Unions in the United Provinces, Rehabilitation of Co-operative Movement in the Punjab, Central Banks in Madras and Reserve Bank of India and the Co-operative Movement.

The Indian Co-operative Review is a medium for periodical publication of articles on Co-operation by writers of standing and authoritative position in India and foreign countries. It gives a comprehensive and detailed surveys of co-operative activities covering the whole of British India and Indian States. It contains notes on Co-operative Legislation, Experiments and Activities in Foreign lands. It reviews all literature on Co-operation and allied subjects. It is printed on 28 lbs. antique paper. Its subscription per annum is: Inland Rs. 6; Foreign Sh. 10. The price per single copy is: Inland Rs. 1-8-0; Foreign Sh. 2-6.

Warm Reception by the Press.—The Review has received a warm reception from all over the country and is appreciated by Co-operators, both officials and non-officials, for the high standard of its articles. It has been very favourably commented upon by the Press both in India and abroad and it has created a demand for itself in co-operative quarters of foreign lands.

In the words of the *Review of International Co-operation*, London, the *Indian Co-operative Review* is an excellent organ of the All-India Co-operative Institutes' Association.

The Associations owe a deep debt of gratitude to the Hon'ble Mr. V. Ramadas Pantulu for taking upon himself the heavy responsibility of editing the *Indian Co-operative Review* honorarily at a great sacrifice of his precious time, and making it successful.

"It would be better for men to be deprived of education than to receive their education from their masters; for education in that sense is no better than the training of the cattle that are taken to the yoke."

—THOMAS HODGSKIN, 1823.

CO-OPERATIVE PRESS IN INDIA

Prof. H. L. Kaji, edited *Co-operation in India* the first of the Indian Co-operative Series published by the All India Co-operative Institutes' Association. He contributed to the Directory in that publication an article on Co-operative Journals in India. He then said that there were 40 co-operative journals in India dealing exclusively with co-operative subjects though in addition to these, ordinary journals, dailies, weeklies, monthlies and quarterlies find some space in their issues for co-operative news, reviews and for comments on the progress of co-operation in the several parts of India. Of the 40 journals then published only 6 were in English, namely those published by the Co-operative Institutes of Bombay, Madras, Bengal, Bihar and Orissa and the United Provinces, the sixth by the Madras Co-operative District Central Bank. Of the 34 vernacular journals 6 were published in Bombay, 6 in Madras, 1 in the Punjab, 2 in the United Provinces, 2 in Bihar and Orissa, 1 in Bengal, 3 in the Centre Provinces and Berar, 1 in Assam, 1 in Coorg, 4 in Hyderabad (Deccan), 1 in Mysore, 1 in Baroda, 3 in Travancore, 1 in Cochin and 1 in Pudukottah. It will be seen that there was no All-India Journal then, for the *Indian Co-operative Review* was started only in 1935. It is now a decade since Prof. Kaji compiled his Directory. It will be seen from the summery of the position in 1942 that two of the English Journals, namely, those published by the Bihar and Orissa Co-operative Federation and the Madras District Co-operative Central Bank have since been discontinued. The Bihar and Orissa Co-operative Federation Journal was an ably conducted journal and its discontinuance has to be greatly regretted.

A Directory of the Co-operative Journals based on the information received from the Provincial Editors in response to the invitation of the General Editor is published below. It is not possible to vouch for the completeness of the list because it is not certain whether full information regarding the Co-operative Journals in all parts of British India and Indian States has been furnished. It will be seen therefrom that at present in addition to the *Indian Co-operative Review* (All-India Journal) there are 5 English journals, namely, those published by the propaganda institutes of Bombay, Madras, Bengal, United Provinces, and Jammu and Kashmir. Mysore publishes an Anglo-Kannada journal. The other 18 journals are published purely in Indian Languages.

ALL-INDIA

THE INDIAN CO-OPERATIVE REVIEW: *English*; Quarterly; Established in January 1935; Published by the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks'

Association; An annual grant of Rs. 1,000 is made by the Indian Provincial Co-operative Banks' Association. Editor: The Hon'ble V. Ramadas Pantulu, President, All-India Co-operative Institutes' Association and Indian Provincial Co-operative Banks' Association. A fuller account of the *Indian Co-operative Review* by Khan Mohammad Bashir Ahmad Khan is printed elsewhere. Address: *Farhatbagh*, Mylapore, Madras.

BRITISH INDIA

Assam

SAMABAYA: *Assamese*; Monthly; Established in March 1939; Published by the Assam Valley Co-operative Organisation Society, Ltd., An annual grant of about Rs. 250 is made by the Provincial Government. Editor: Mr. Bimala Kanta Bora, B.A., LL.B.

Bengal

1. **THE BENGAL CO-OPERATIVE JOURNAL:** *English*; Quarterly; established in 1914; Published by the Bengal Co-operative Alliance. The Provincial Government renders varied financial assistance every year. Editor: Mr. Haran Chandra Mukherjee who is intimately connected with the Co-operative Movement for the last 15 years.

2. **THE BHANDAR:** *Bengali*; Monthly; Established in 1918; Published by the Bengal Co-operative Alliance; Editor: Mr. Haran Chandra Mukherjee.

Bihar

GAOU: *Hindi*; Monthly; Established in 1916; Published by the Bihar Co-operative Federation, Patna; Permanent Editor: Mr. B. Dip Narayan Sinha, M.L.A., Deputy, Governor, Bihar Co-operative Federation. Acting Editor: Rai Saheb Mathura Prasad, Retired Principal, Bihar Co-operative Training Institute.

Bombay

1. **THE BOMBAY CO-OPERATIVE QUARTERLY:** *English*; Quarterly; Established in June 1917; Published by the Provincial Co-operative Institute, Bombay; Editorial Board consisting of 1. Prof. V. G. Kale, M.A.; 2. Rao Bahadur S. S. Talmaki, B.A., LL.B.; and 3. Mr. V. L. Mehta, B.A.

2. **BROACH SAHAKAR SAMACHAR:** *Gujarati*; Monthly; Established in April 1930; Published by Gujarat Divisional Branch of the Provincial Co-operative Institute, Bombay. Editor: Mr. Dabhai Ambaidas Patel.

Central Provinces & Berar

THE SAHAKARI VIDARBHA : *Marathi*; Monthly; Established in 1924; Published by the Berar Co-operative Institute, Ltd., Amraoti; Editor: Mr. Vithal Krishna Paithankar, B.A. (Vangamaya Visharad), Editor and Inspector, Berar Co-operative Institute, Ltd.

Madras

1. THE MADRAS JOURNAL OF CO-OPERATION : *English*; Monthly; Established in 1911; Published by the Madras Provincial Co-operative Union, Luz, Mylapore; Editor: Sri R. Suryanarayana Rao, B.A., Secretary, Servants of India Society, Madras Branch, Royapettah. There is an Editorial Committee.

2. SAHAKARAMU : *Telugu*; Monthly; Established in 1919; Published by the Andhra Provincial Co-operative Union, Rajahmundry. An annual grant of Rs. 1,000 is made by the Madras Provincial Co-operative Union; Editor: N. Satyanarayana, Secretary, Andhra Provincial Co-operative Union and Joint Secretary, Madras Provincial Co-operative Union.

3. KOOTTURAVU : *Tamil*; Established in 1929; Published by the Tamil Nadu Co-operative Federation, Coimbatore. An annual grant of Rs. 1,000 is made by the Madras Provincial Co-operative Union. Editor: Mr. N. Lakshmanan.

4. PARASPARA SAHAYI : *Malayalam*; Monthly; Established in 1924; Published by the Malabar District Co-operative Central Bank, Ltd., Calicut. An annual grant of Rs. 200 is made by the Madras Provincial Co-operative Union. Joint Editors: K. Raman Kutti Nair, B.A., Secretary, District Bank; and Sri V. R. Nayanar, B.A., Servants of India Society.

5. KANNADA SAHAKARI : *Canarese*; Monthly; Established in 1925; Published by the South Kanara District Advancement Society, Ltd., Mangalore. Gets some annual financial assistance from the Madras Provincial Co-operative Union. Editor: Mr. H. Ramaraya Mallaya, Ex-Editor of *Satyagrahi* and *Swatantra Bharat*, and Correspondent of the *Hindu* at Mangalore.

Punjab

CO-OPERATION : *Urdu*; Monthly; Established in 1924; Published by the Punjab Co-operative Union, Lahore; Editor: Master Mohammad Bakhsh Muslim, B.A., H.P., H.U., Editor-in-Chief: Khan Mohammad Bashir Ahmad Khan, M.A., LL.B., M.R.A.S. (London).

United Provinces

THE UNITED PROVINCES CO-OPERATIVE JOURNAL : *English*; Quarterly; Established in 1925; Published by the United Pro-

vinces Co-operative Union. The Provincial Government makes an annual grant of Rs. 1,190. Editor: Rai Bahadur B. Mukherjee, M.A., B.L., F.E.S. (London), Reader in Economics and Sociology, University of Lucknow, Lucknow.

Coorg

KODAGU SAHAKARA BANDHU: *Canarese*: Monthly; Established on 1st January 1941. Published by the Coorg Central Co-operative Bank, Ltd. A grant of Rs. 200 was made by the Government this year. Editorial Board consists of Messrs. (1) I. P. Cariappa, M.L.C., (2) P. N. Ramachetty, (3) P. M. Chengappa, Dip. in Econ., C.H.D., F.R.E.S., Registrar of Co-operative Societies, and (4) M. B. Appayya, Managing Editor.

INDIAN INDIA

Baroda

GRAMJIVAN (Rural Life): *Gujarati*: Monthly; Established in 1930 as a quarterly but since 1934 issued monthly. Published by the Baroda State Co-operative Institute; Editor: Bhailalbhaj J. Patel, B.A., LL.B., Dandiya Bazaar, Baroda.

Cochin

SAHAKARANA PARABODHINI: *Malayalam*: Monthly; Established in December 1927; Published by the Cochin Central Co-operative Institute, Trichur; Editor: Mr. P. Madhava Menon, B.A., B.T.

Hyderabad, (Deccan)

GAON SUDHAR: *Urdu, Marathi, Telugu and Kanarese*: Monthly; Established in October 1940; Published by the Central Co-operative Union, Hyderabad. Nearly 1,700 copies in the four different languages are given free mostly to agricultural credit societies. The Government made an annual subsidy of Rs. 9,000. Editor: Mr. S. M. Nawab, B.A., C.H.D., (Manchester) Educational Officer, Central Co-operative Union, Hyderabad, Dn.

Jammu & Kashmir

CO-OPERATORS' BULLETIN: *English*; Quarterly; Established in 1939; Published by the Jammu and Kashmir Co-operative Institute, Ltd. Editorial Board consist of 1. H. L. Gupta, M.A., B.T., President of the Institute, 2. A. R. Malhotra, B.A., and 3. D. N. Saraf, M.A., (Econ.), B.Com.

Mysore

MYSORE CO-OPERATIVE JOURNAL (MYSORE SAHAKARA PATRIKA) : *Anglo-Kannada* ; Monthly; Established in January 1925 ; Published by the Mysore Co-operative Institute. The Institute is the recipient of a general subvention of Rs. 750 from the Government of Mysore. Editor: R. Krishna Swamy, B.A., B.T., Asst. Secretary, Mysore Co-operative Institute and Director, Bangalore Industrial & Commercial Co-operative Society (1939-40) and Bangalore City Co-operative Housing Society Ltd., since 1940.

Travancore

TRAVANCORE CO-OPERATIVE JOURNAL : *Malayalam*; Monthly; Established in 1926; Published by the Travancore Co-operative Institute, Ltd. Editors: Mr. K. G. Gopalakrishnan, Vice-President of the Institute and Mr. P. Paramu Pillay, B.A., B.L., Secretary of the Institute.

Education through Co-operative Press should help to produce co-operators whose daily activities are pervaded by that idealism and ideology associated with co-operation and behind whose work there is not merely the stimulus of the coin but of that exalted sense of duty which ought to animate and inspire a genuine co-operator.

—GENERAL EDITOR.

DEPARTMENTS OF CO-OPERATION

ASSAM (1939-40).

The head of the Department is the Registrar of Co-operative Societies, and there is one Assistant Registrar for each of the Divisions, Surma Valley and Assam Valley. There is a Provincial Auditor for Assam and the appointment of nine Assistant Auditors was sanctioned at the close of the year 1939-40. Supervision and Audit work was usually carried on by the 15 Inspectors who were placed in charge of the 16 Circles and the Provincial Auditor. The Inspectors are popularly known as Circle Inspectors. Two Education Inspectors, one in each valley, were appointed to impart training to the office-bearers and members of the co-operative societies throughout the year. From out of the grant drawn from the Government of India for development of the handloom industry, two Co-operative Weaving Inspectors, one in each valley, were being maintained. There is no information in the administration report of the expenditure incurred on this and the clerical staff of the department.

REGISTRAR :—*M. H. Hussain, Esq., I.C.S.*

BENGAL (1939-40)

The officers of the Department consisted of the Registrar, Personal Assistant to the Registrar, Deputy Registrar and 17 Assistant Registrars—16 in charge of divisions and 1 Industrial Assistant Registrar, Chief Auditor and the Officer-in-charge, Dum Dum Training Institute. There were 8 Divisional Auditors working in the year, 118 territorial inspectors and 273 auditors. The number of supervisors employed under central societies was 677. The cost of 10 supervisors maintained for irrigation societies was paid by Government.

There is no information in the administration report of the expenditure incurred during the year on the department.

REGISTRAR :—*A. Ahmed, Esq., I.C.S.*

BIHAR (1940)

The officers of the department consisted of the Registrar, Deputy Registrar, 8 Assistant Registrars, 4 Special Officers, Principal, Co-operative Training Institute and one Chief Auditor. There were several organisers of Canegrowers' Societies and 28 Inspectors working during the year. Since the audit of the societies has been taken up by the department, the services of an officer from the Indian Audit Department have been requisitioned and he was engaged in examining the scheme of reorganisation of the audit service in Bihar. The total expenditure of Government on the department was Rs. 3,83,601 during the year ended with 31st December '40.

REGISTRAR :—*M. M. Phillip, Esq., I.C.S.*

BOMBAY (1930-40).

The department in Bombay consisted of the following staff: Registrar; Deputy Registrar; Personal Assistant to the Registrar; Assistant Registrar, Co-operative Finance; Assistant Registrar, Land Mortgage Banks; Chief Marketing Officer; ten Assistant Registrars, four special auditors and one temporary additional special auditor. The net expenditure incurred by the Government towards the cost of establishment of the department during the year was Rs. 8,57,743.

REGISTRAR :—*S. M. Ikram, Esq., I.C.S.*

CENTRAL PROVINCES AND BERAR (1939-40)

For reasons of economy, the post of Registrar of Co-operative Societies in Central Provinces and Berar was combined with the posts of Registrar of Joint Stock Companies, Registrar of Firms and Secretary, Village Uplift Board. The other officials of the department consisted of one Senior Deputy Registrar and 7 Assistant Registrars. Besides, one Educational Inspector and three Assistant Educational Inspectors were maintained out of the Government of India grant. The Provincial Government maintained an audit staff also, the head of the section being called the Chief Auditor. The cost to Government on the department for the year was Rs. 2,47,547.

REGISTRAR :—*D. V. Rege, Esq., I.C.S.*

MADRAS (1939-40)

The strength of the establishment of the department in Madras during the year consisted of the Registrar, Joint Registrar, Additional Joint Registrar under training; 19 Deputy Registrars on general duty; 3 Deputy Registrars for Land Mortgage Banks; Personal Assistant to the Registrar; 4 Assistant Registrars; 61 Co-operative Sub-Registrars; Principal, Central Co-operative Institute, Madras and two lecturers; 69 Senior Inspectors; 710 Junior Inspectors and clerical and other staff numbering 440. The net cost to Government in respect of the department was Rs. 10·375 lakhs.

REGISTRAR :—*W. R. S. Sathianathan, Esq., I.C.S.*

NORTH WEST FRONTIER PROVINCE (1939-40)

The officers of the department consisted of the Registrar, Deputy Registrar and two Assistant Registrars—one in charge of the Southern Circle, and the other Northern Circle, and one Educational Assistant Registrar. The subordinate staff consisted of 19 Inspectors and 44 sub-Inspectors. Another Education Inspector was maintained from Government of India Special Grant. The total expenditure by the Government on the movement during the year (including the special grant for Education and Training of Members) amounted to Rs. 1·21 lakhs.

REGISTRAR :—*G. M. K. Niazi, Esq., I.C.S.*

ORISSA (1939-40).

The staff of the department in Orissa during the year consisted of the Registrar; Deputy Registrar, 7 Assistant Registrars, 6 Sub-Assistant Registrars, 8 Senior Inspectors 49 Junior Inspectors and clerical and other staff numbering 72. The net expenditure incurred on the department amounted to Rs. 132·8 thousands.

REGISTRAR :—*S. Solomon, Esq.*

PUNJAB (1938-39)

The administrative staff of the department at the end of the year consisted of as follows : Registrar, 4 Deputy Registrars, Personal Assistant to the Registrar, Financial Adviser to the department and 23 Assistant Registrars. A new post of Assistant Registrar, Consolidation of Holdings was created from the Special Development Fund and another temporary Assistant Registrar (Educational) was maintained from the Special Government of India Grant. The Executive staff consisted of 157 Inspectors and 152 sub-Inspectors. Besides, 12 Inspectors and 101 sub-Inspectors paid from Government of India Subvention ; 18 Inspectors and 179 sub-Inspectors paid from Special Development Programme; 2 Educational Assistants paid from Abiana Grant for Gurgaon district; 623 sub-Inspectors (Auditors and Supervisors) and 4 Senior Auditors paid by the Punjab Co-operative Union; 5 Supervisors paid by the Co-operative Industrial Bank, Amritsar and 25 sub-Inspectors paid by Central Banks, Provincial Bank and Unions, were maintained. The total expenditure of Government on the department during the year (including the special subvention from the Government of India) amounted to Rs. 14·92 lakhs.

REGISTRAR :—*I. E. Jones, Esq., I.C.S.*

SIND (1939-40)

The Gazetted Officers of the department in Sind consisted of the Registrar, Assistant Registrar, Special Auditor and one Additional Special Auditor. The subordinate staff numbered 44 of which 8 were temporary appointments. The cost of working of the department during the year was Rs. 1,22,884 of which Rs. 18,535 was charged and the balance voted.

REGISTRAR :—*Y. A. Memon, Esq., I.C.S.*

UNITED PROVINCES (1939-40)

The staff of the department in the United Provinces consisted of the Registrar, Deputy Registrar, 7 Assistant Registrars and several Cane Development Officers and Deputy Cane Development Officers. There were 49 ordinary Inspectors. 15 Temporary Inspectors were appointed during the year. Eight special Inspectors were also maintained of which one was paid from the Government of India Grant. The number of auditors was 61 and 20 temporary auditors were appointed during the

year. The Provincial Co-operative Union employed 417 ordinary supervisors including 81 on deputation. Over and above, 151 temporary supervisors were appointed under the marketing scheme. Of the total, 256 were put exclusively in charge of credit work. Miscellaneous activities such as consolidation of holdings, ghee, work among women, land mortgage societies and milk and dairy accounted for the rest. The number of lady supervisors was 6 during the year. The number of supervisors employed by non-provincialized banks was 28. The cost to Government on the administration of the department was Rs. 6.49 lakhs during the year.

REGISTRAR :—*S. S. Hasan, Esq., I.C.S.*

COORG (1939-40)

The staff of the department in Coorg consisted of the Registrar, Assistant Registrar, five inspectors—each in charge of a circle and clerks and others numbering 12. The cost of working of the department during the year was Rs. 13,217.

REGISTRAR :—*P. M. Chengappa, Esq., Dip.-Econ., C.H.D., F.R.E.S.*

BARODA (1939-40)

The staff of the department consisted of the Registrar, two Assistant Registrars and 22 Auditors including the special Auditor appointed during the year. Of these 22 auditors, four were temporary—one maintained from the Agricultural Department. The cost to the State on the department during the year amounted to Rs. 73,316.

REGISTRAR :—*M. V. Desai, Esq., B.A., LL.B.*

COCHIN (1939-40)

The staff of the department consisted of the Registrar and 11 inspectors including the temporary inspector in charge of liquidation work. The cost to the State on the administration of the department during the year was Rs. 28,512.

REGISTRAR :—*K. Narayana Menon, Esq., M.A., C.H.D.*

GWALIOR (1939-40)

The staff of the Department in Gwalior consisted of a Director (who is also Inspector-General of Banks), a Registrar (post newly created to push through the reforms recommended by Professor V. G. Kale), a Personal Assistant, 20 District Inspectors, 24 Sub-Inspectors, 2 Special Auditors and 17 Auditors. The total expenditure of Government amounted to Rs. 1,52,149.

REGISTRAR :—*P. S. Mehta, Esq.*

HYDERABAD (1939-40)

The Gazetted Staff of the department consisted of the Registrar, Deputy Registrar, 7 Assistant Registrars, 6 Deputy Assistant Registrars and one Chief Auditor. The non-Gazetted Staff consisted of 27 Inspectors, 3 relieving inspectors, 30 organisers, 16 side-grade auditors and 35 auditors. The expenditure incurred by Government on the department was Rs. 4,14,345 during the year.

REGISTRAR :—*S. Fazalulla, Esq., H.C.S.*

INDORE (1939-40)

The Gazetted staff of the department consisted of the Registrar, and 7 Inspectors who were assigned respective circles for the work of Audit, inspection, Supervision, Inquiry, Organisation and Re-organisation. The Agricultural and Co-operative departments were combined for part of the financial year and hence exact figures of expenditure over co-operative department are not available. The combined budget for both the departments for the year was Rs. 69,376 while the budget figures of co-operative department for 1940-41 are Rs. 25,869.

REGISTRAR :—*Rai Ratan A. G. Sherlekar, Esq.*

MYSORE (1939-40)

The Gazetted staff of the department consisted of the Registrar, Personal Assistant to the Registrar, Deputy Registrar, 6 Assistant Registrars each in charge of one Division and another Assistant Registrar in charge of all Land Mortgage Societies. The executive staff consisted of 54 Inspectors of whom 11 were in charge of the work of the Land Mortgage Scheme, while the strength of the Ministerial staff was 30 of whom one was a temporary clerk. There were three official liquidators of Co-operative Societies at the beginning of the year, two for societies indebted to the Apex Bank and the third for societies indebted to the District Central Banks. The Apex Bank contributed Rs. 130 per month towards the charges of the two liquidators and their peons. A total cost of Rs. 1,59,884 was incurred by Government during the year for the administration of the department.

REGISTRAR :—*M. Abdul Hukh, Esq., B.A.*

TRAVANCORE (1938-39)

The Registrar of Co-operative Societies was also the Land Revenue and Income Tax Commissioner during the year. The other officers of the department were Personal Assistant to the Registrar, two Assistant Registrars—one in charge of the Southern and the other Northern Divisions, and an Additional Assistant Registrar for Liquidation work. There were also 47 Inspectors of whom thirty-four were in charge of Circles, two were in charge of non-credit work, three were sale officers

and eight in charge of liquidation work. Those who were in charge of liquidation work were temporarily appointed. In addition to the above, there was ministerial staff also. The cost to Government on the department during the year was Rs. 89,871.

REGISTRAR :—K. R. Narayana Iyer, Esq., B.A., M.Sc., F.C.S.

Their (departmental staff) duty will be to educate the members upto the point at which they will be competent themselves to undertake the duties of the official staff and so to dispense with their services.... The best judge of the fitness of any member of the staff must be the member of the primary society whose ear he has to secure and retain.

—ROYAL COMMISSION ON AGRICULTURE IN INDIA.

CO-OPERATIVE ORGANISATIONS IN INDIA

ALL-INDIA

1. The All-India Co-operative Institutes' Association,
2. The Indian Provincial Co-operative Banks' Association.

BRITISH INDIA

Assam

Provincial Organisations

1. Provincial Co-operative Bank of Assam, Shillong.

Other Organisations

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Provincial Co-operative Bank of Assam.

Bengal

Provincial Organisations

1. The Bengal Provincial Co-operative Bank,
2. Bengal Co-operative Alliance,
3. Bengal Provincial Co-operative Industrial Society,
4. The Bengal Co-operative Insurance Society,
5. The Central Paddy Sale Society,
6. The Central Co-operative Anti-Malarial Society,
7. The Bengal Co-operative Home Crofters' Association.

Other Organisations

Class A.—Banks having capital and reserve of Rs. 5 lakhs and over.

1. Bengal Provincial Co-operative Bank,
2. East Indian Railway Employees' Co-operative Credit Society,
3. Bengal Nagpur Railway Employees' Co-operative Urban Bank,
4. Eastern Bengal Railway Employees' Co-operative Credit Society,
5. Mymensingh Central Co-operative Bank,
6. Chittagong Urban Co-operative Bank,
7. Calcutta Corporation Credit Society.

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Ghatal People's Urban Bank,
2. Faridpur Central Co-operative Bank,
3. Comilla Central Co-operative Bank,

4. Raipura Central Co-operative Bank,
5. Pabna Central Co-operative Bank,
6. Dacca Central Co-operative Bank,
7. Khepupara Central Co-operative Bank,
8. Barisal Central Co-operative Bank,
9. Chandpur Central Co-operative Bank,
10. Postal Co-operative Credit Society of Calcutta,
11. Jessore Central Co-operative Bank,
12. Jamalpur Central Co-operative Bank,
13. Co-operative Credit Society of the Port Commissioners of Calcutta,
14. Catra-Serampur Co-operative Credit Society,
15. Chittagong Central Co-operative Bank,
16. Feni Central Co-operative Bank,
17. Magura Central Co-operative Bank,
18. Bikrampur Central Co-operative Bank,
19. Gopalganj Central Co-operative Bank,
20. Brahmanbaria Central Co-operative Bank,
21. Bogra Central Co-operative Bank,
22. Ichhapur Rifle Factory Co-operative Credit Society,
23. Assam Bengal Railway Employees' Co-operative Credit Society,
24. Mymensingh Co-operative Town Bank,
25. Midnapur Central Co-operative Bank,
26. Burdwan Central Co-operative Bank,
27. Narayanganj Central Co-operative Bank,
28. Taki Central Co-operative Bank,
29. Serajganj Central Co-operative Bank,
30. Tangail Central Co-operative Bank,
31. Baidyabati Sheoraphuli Co-operative Credit Society,
32. Chittagong Islamabad Town Bank,
33. Kishoreganj Central Co-operative Bank,
34. Bengal Secretariat Co-operative Society,
35. Berhampur Central Co-operative Bank,
36. Khulna Central Co-operative Bank,
37. Kushtia Central Co-operative Bank,
38. Noakhali Central Co-operative Bank,
39. Tamluk Central Co-operative Bank,
40. Madaripur Central Co-operative Bank,
41. Post and Telegraphs Accounts Co-operative Credit Society,
42. Rajshahi Central Co-operative Bank,
43. Narail Central Co-operative Bank,
44. Customs General Co-operative Credit Society,
45. Gaibandha Central Co-operative Bank,
46. Sadarghat Urban Co-operative Bank,
47. Hooghly Central Co-operative Bank,
48. Manikganj Central Co-operative Bank,
49. Goalundo Central Co-operative Bank,
50. Calcutta Police Co-operative Credit Society,
51. Kilburn Writers' Co-operative Society,

52. Marine and Engineering Co-operative and Thrift Society,
53. Treasury Buildings Co-operative Credit Society,
54. Rampurhat Central Co-operative Bank,
55. Bankura Central Co-operative Bank,
56. Bholā Central Co-operative Bank,
57. Ullapara Central Co-operative Bank,
58. Shazadpur Central Co-operative Bank,
59. Naogaon Central Co-operative Bank,
60. Naogaon Co-operative Land Mortgage Bank,
61. Gun and Shell Factory Co-operative Society,
62. Birbhum Central Co-operative Bank,
63. Pingna Central Co-operative Bank.

Bihar

Provincial Organisations

1. The Bihar Provincial Co-operative Bank,
2. The Bihar Co-operative Federation.

Other Organisations

Class A.—Banks having capital and reserve of Rs. 5 lakhs and over.

1. Bihar Provincial Co-operative Bank, Patna.

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Siwan Central Co-operative Bank,
2. Jahanabad Central Co-operative Bank,
3. Nawada Central Co-operative Bank,
4. Rohika Central Co-operative Union,
5. Daulatpur Central Co-operative Bank,
6. Muzaffarpur Central Co-operative Bank,
7. Gopalganj Central Co-operative Bank,
8. Laheriasarai Central Co-operative Bank,
9. Bhagalpur Central Co-operative Bank,
10. Sitamarhi Central Co-operative Bank.

Bombay

Provincial Organisations

1. Bombay Provincial Co-operative Bank,
2. Bombay Provincial Co-operative Institute,
3. Bombay Provincial Co-operative Insurance Society,
4. Bombay Co-operative Banks' Association,
5. Bombay Provincial Land Mortgage Bank.

Other Organisations

Class A.—Banks having capital and reserve of Rs. 5 lakhs and over.

1. Bombay Provincial Co-operative Bank,
2. G.I.P. Railway Employees' Co-operative Bank, Bombay,

3. Jackson Co-operative Bank of the B. B. & C. I. Railway, Bombay,
4. East Khandesh Central Co-operative Bank, Jalgaon,
5. Karnatak Central Co-operative Bank, Dharwar,
6. Surat District Co-operative Bank, Surat,
7. Poona Central Co-operative Bank, Poona.

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Broach Co-operative Bank,
2. Ahmednagar District Urban Central Co-operative Bank, Ahmednagar,
3. Shamrao Vithal Co-operative Bank,
4. Southern Mahratta Urban Co-operative Credit Bank, Dharwar,
5. Hubli Urban Co-operative Bank, Hubli,
6. Bombay City Police Co-operative Urban Bank, Bombay,
7. Bombay Postal Co-operative Society, Bombay,
8. Belgaum Pioneer Urban Co-operative Credit Bank, Belgaum,
9. Belgaum District Central Co-operative Bank, Belgaum,
10. Betgeri Urban Co-operative Bank, Gadag-Betgeri,
11. Bijapur District Central Co-operative Bank,
12. Ismailia Co-operative Bank, Bombay,
13. Bombay Port Trust Employees' Co-operative Credit Society,
14. Surat People's Co-operative Bank,
15. Dharwar Urban Co-operative Bank,
16. Mazgaon Dock Employees' Co-operative Credit Society,
17. Dhulia Urban Co-operative Bank,
18. Kittur Co-operative Urban Bank,
19. Barsi Central Co-operative Bank, Barsi,
20. Sholapur District Central Co-operative Bank, Sholapur,
21. Educational Department Servants' Co-operative Credit Urban Bank, Nasik,
22. Hydro Employees' Co-operative Credit Bank, Bombay,
23. Cosmos Co-operative Urban Bank, Poona,
24. East Khandesh Government Servants' Co-operative Credit Society, Jalgaon,
25. Bhusawal People's Co-operative Bank, Bhusawal,
26. E. D. Sassoon Staff Co-operative Credit Bank,
27. Zoroastrian Co-operative Credit Bank,
28. Bombay Provincial Co-operative Land Mortgage Bank,
29. Satara District Local Board Primary Teachers' Co-operative Credit Society, Satara,
30. Bombay Schools Committee's Employees' Co-operative Credit Bank,
31. Amalner Co-operative Urban Bank,
32. Saraswat Co-operative Bank,
33. Salt Department Co-operative Credit Society,
34. Gokak Urban Co-operative Bank,
35. Manchester Mill Employees' Co-operative Credit Society, Bombay,

36. Ahmedabad People's Co-operative Bank,
37. Morarjee Goculdas Mill Hands' Co-operative Credit Society, Sirsi.

Central Provinces & Berar

Provincial Organisations

1. C. P. & Berar Provincial Co-operative Bank,
2. C. P. & Berar Co-operative Federation.

Other Organisations

Class A.—Banks having capital and reserve of Rs. 5 lakhs and over.

1. C. P. & Berar Provincial Co-operative Bank,
2. Amraoti Central Bank,
3. Akola Central Bank.

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Nagpur Central Bank,
2. Balaghat Central Bank,
3. Morsi Central Bank,
4. Sihora Central Bank,
5. Damoh Central Bank,
6. Hoshangabad Central Bank,
7. Betul Central Bank,
8. Nimar Central Bank,
9. Narsinghpur Central Bank,
10. Chhindwara Central Bank,
11. Raipur Central Bank,
12. Buldana Central Bank,
13. Khamgaon Central Bank,
14. Drug Central Bank,
15. Yeotmal Central Bank,
16. Bilaspur Central Bank,
17. Mehkar Central Bank,
18. Saugor Central Bank,
19. Sohagpur Central Bank,
20. Wardha Central Bank,
21. Malkapur Central Bank,
22. Harda Central Bank,
23. Jubbulpore Central Bank,
24. Daryapur Central Bank,
25. Ellichpur Central Bank.

Madras

Provincial Organisations

1. Madras Provincial Co-operative Bank,
2. Madras Provincial Co-operative Union,
3. Madras Co-operative Central Land Mortgage Bank,

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4. Central Co-operative Printing Works,
5. Triplicane Urban Co-operative Society,
6. Madras Provincial Co-operative Marketing Society,
7. South India Co-operative Insurance Society,
8. The Madras Handloom Weavers' Provincial Co-operative Society,
9. The Madras Co-operative Fire and General Insurance Society,
10. The Madras Provincial Co-operative Stationery Stores.

Other Organisations

Class A.—Banks having capital and reserve of Rs. 5 lakhs and over.

1. Madras Provincial Co-operative Bank, Madras,
2. Arcot (North) District Co-operative Central Bank, Vellore,
3. Chingleput District Co-operative Central Bank, Conjeeveram,
4. Madras and Southern Maharatta Railway Employees' Urban Bank, Madras,
5. Trichinopoly District Co-operative Central Bank, Trichinopoly,
6. South Indian Railway Employees' Co-operative Society, Trichinopoly,
7. Madras Posts and Telegraph Co-operative Society, Madras,
8. Coimbatore District Urban Bank, Coimbatore,
9. Madura Ramnad Central Co-operative Bank,
10. Salem District Urban Bank,
11. Guntur District Co-operative Central Bank, Tenali.
12. Madras Co-operative Central Land Mortgage Bank, Madras;

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Anantapur District Co-operative Central Bank, Anantapur,
2. Bellary District Hospet Co-operative Central Bank, Hospet,
3. Canara (South) District Central Co-operative Bank, Mangalore,
4. Krishna Co-operative Bank, Masulipatam,
5. Chittoor District Co-operative Central Bank, Chittoor,
6. Tinnevely District Co-operative Central Bank,
7. Co-operative Central Bank, Kumbakonam,
8. Malabar District Co-operative Central Bank, Calicut,
9. Nellore District Co-operative Banking Union,
10. Tanjore District Co-operative Central Bank, Tanjore,
11. Madras City Co-operative Bank,
12. West Godavari District Co-operative Central Bank, Ellore,
13. Ramachandrapuram Co-operative Central Bank, East Godavari,
14. Kurnool District Co-operative Central Bank,
15. Srivilliputtur Co-operative Banking Union,
16. Vizianagram Co-operative Central Bank,
17. Salem Urban Co-operative Society,
18. Mangalore Catholic Co-operative Bank,
19. Shri Konaseema Co-operative Central Bank, Amalapuram, East Godavari,

20. Co-operative Bank, Vizianagram,
21. Erode Urban Co-operative Bank,
22. Cocanada Co-operative Central Bank,
23. Chicacole Co-operative Central Bank,
24. South Arcot District Co-operative Central Bank,
25. Big Conjeeveram Town Co-operative Bank,
26. Co-operative Bank, Vizagapatam,
27. Vizlavada Co-operative Central Bank, Bezwada,
28. Chittoor Co-operative Town Bank,
29. Madras Corporation Labourers' Co-operative Society,
30. Cuddapah District Co-operative Central Bank,
31. Madras Corporation Officials' Co-operative Society,
32. Tirupathi Co-operative Town Bank,
33. Madras District Co-operative Central Bank, Madras,
34. Mannargudi Urban Bank.

Orissa

Provincial Organisations

1. The Provincial Co-operative Land Mortgage Bank.

Other Organisations

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Aska Central Co-operative Bank,
2. Cuttack Central Co-operative Bank,
3. Khurda Central Co-operative Bank,
4. Banki Dompura Central Co-operative Bank,
5. Balasore Central Co-operative Bank,
6. Angul Central Co-operative Union,
7. Berhampur Central Co-operative Bank.

Punjab

Provincial Organisations

1. Punjab Provincial Co-operative Bank, Lahore,
2. The Punjab Co-operative Union, Lahore.

Other Organisations

Class A.—Banks having capital and reserve of Rs. 5 lakhs and over.

1. Punjab Provincial Co-operative Bank, Lahore,
2. Lahore Central Co-operative Bank, Lahore,
3. North Western Railway Employees' Credit Society, Lahore,
4. Jullundur Central Co-operative Bank, Jullundur,
5. Lyallpur Central Co-operative Bank, Lyallpur.

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Ambala Central Bank,
2. Fazilka Central Bank (Ferozepur District),
3. Gurdaspur Central Bank,

4. Rohtak Central Bank,
5. Sargodha Central Bank,
6. Sialkot Central Bank,
7. Gujranwala Central Bank,
8. Gujrat Central Bank,
9. Ludhiana Central Bank,
10. Gurgaon Central Co-operative Bank,
11. Karnal Central Co-operative Bank,
12. Hoshiarpur Central Co-operative Bank,
13. Amritsar Central Co-operative Bank,
14. Rawalpindi Central Co-operative Bank,
15. Jaranwala Central Co-operative Bank (Lyalpur District),
16. Brayne Central Co-operative Bank, Rewari,
17. Pasrur Central Bank (Sialkot District),
18. Sheikhupura Central Bank,
19. Sirsa Central Bank (Hissar District),
20. Daska Central Bank (Sialkot District),
21. Mianwali Central Bank,
22. Narowal Central Bank (Sialkot District),
23. Ferozepur Central Bank,
24. Hissar Central Bank,
25. Moga Central Bank (Ferozepur District),
26. Bhalwal Central Bank (Shahpur District),
27. Attock Central Bank,
28. Montgomery Central Bank,
29. Nankana Sahib Central Bank,
30. Jhang Central Bank,
31. Multan Central Bank,
32. Kangra Central Bank,
33. Pakpattan Central Bank (Montgomery District),
34. Khanewal Central Bank (Multan District),
35. Jhelum Central Bank,
36. Chakwal Central Bank (Jhelum District).

Sind

Provincial Organisations

1. Sind Provincial Co-operative Bank,
2. Sind Provincial Co-operative Institute.

Other Organisations

Class A.—Banks having capital and reserve of Rs. 5 lakhs and over.

1. Mercantile Co-operative Bank, Karachi,
2. Sind Provincial Co-operative Bank, Karachi.

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Khudabadi Amil Co-operative Credit Bank, Hyderabad,
2. Hyderabad Bhaibund Co-operative Bank, Hyderabad,
3. Karachi Urban Co-operative Bank, Karachi,
4. Hyderabad Amil Co-operative Urban Bank, Karachi,

5. Khudabadi Bhaibund Co-operative Credit Bank, Hyderabad,
6. Larkana Zamindari Co-operative Bank, Larkana,
7. Mirpurkhas Zamindari Co-operative Bank, Mirpurkhas,
8. Shikarpur Zamindari Co-operative Bank, Shikarpur.

United Provinces

Provincial Organisations

1. The United Provinces Co-operative Union.

Other Organisations

Class A.—Banks having capital and reserve of Rs. 5 lakhs and over.

1. U. P. Postal Co-operative Society, Lucknow.

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Bijnor District Bank,
2. Muttra District Bank,
3. Moradabad District Bank,
4. Jalaun District Bank, Orai,
5. Gorakhpur District Bank,
6. Kasia Central Bank,
7. Oudh and Rohilkhand Railway Employees' Co-operative Credit Society, Lucknow,
8. Mainpuri District Bank,
9. Banda District Bank,
10. Unao District Bank,
11. Agra District Bank, Agra,
12. Dehra Dun District Bank,
13. United Provinces Telegraph Co-operative Credit Society, Agra,
14. Sultanpur District Bank,
15. B. & N. W. Railway Employees' Co-operative Credit Society, Gorakhpur.

Coorg

Provincial Organisations

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Coorg Central Co-operative Bank, Mercara.

British Administered Areas—Secunderabad

Provincial Organisations

1. The British Administered Areas Central Co-operative Union.

Delhi

Other Organisations

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Delhi Province Central Co-operative Bank.

Ajmer-Merwara

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Ajmer Central Co-operative Bank, Ajmer.
2. Beawar Central Co-operative Bank, Beawar.

INDIAN INDIA

Baroda

Provincial Organisations

1. Shri Sayaji Sahakar Sewak Sangh,
2. Pustakalaya Sahayak Sahakari Mandal.

Other Organisations

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Baroda Central Co-operative Bank,
2. Mehsana District Co-operative Central Bank,
3. Baroda Co-operative Land Mortgage Bank,
4. Anyoanya Sahakari Mandal.

Cochin

Provincial Organisations

1. Cochin Central Co-operative Bank,
2. Cochin Central Co-operative Institute.

Other Organisations

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Cochin Central Co-operative Bank.

Gwalior

Provincial Organisations

1. Rural Service Institute, Shivpuri.

Other Organisations

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Gird District Bank, Lashkar,
2. Morena District Bank, Morena,
3. Bhilsa District Bank, Bhilsa,
4. Shajapur District Bank, Shajapur.

Hyderabad*Provincial Organisations*

1. Hyderabad Co-operative Dominion Bank,
2. Hyderabad Central Co-operative Union,
3. Hyderabad Co-operative Insurance Society,

Other Organisations

Class A.—Banks having capital and reserve of Rs. 5 lakhs and over.

1. Dominion Bank, Hyderabad.

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Sangareddi Central Co-operative Bank,
2. Raichur Central Co-operative Bank,
3. Gulbarga Central Co-operative Bank,
4. Aurangabad Central Co-operative Bank,
5. Warangal Central Co-operative Bank,
6. Jalna Central Co-operative Bank,
7. Medak Central Co-operative Bank,
8. Nalgonda Central Co-operative Bank,
9. Mahbubnagar Central Co-operative Bank,
10. Parbhani Central Co-operative Bank.

Indore*Provincial Organisations*

1. Indore Premier Co-operative Bank,
2. Indore Co-operative Central Association,
3. Indore Central Sale and Supply Society,
4. Indore Co-operative Insurance Society.

Other Organisations

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. The Indore Premier Co-operative Bank.

Jammu & Kashmir*Provincial Organisations*

1. The Jammu & Kashmir Co-operative Institute.

Mysore*Provincial Organisations*

1. The Mysore Provincial Co-operative Apex Bank,
2. The Mysore Co-operative Institute, Bangalore,
3. The Mysore Co-operative Land Mortgage Bank,
4. The Bangalore Central Co-operative Bank.

Other Organisations

Class A.—Banks having capital and reserve of Rs. 5 lakhs and over.

1. Mysore Provincial Co-operative Apex Bank, Bangalore,
2. Bangalore Central Co-operative Bank,
3. Bangalore City Co-operative Bank.

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs

1. Bangalore City Co-operative Society, Bangalore City,
2. Malleswaram Co-operative Bank, Bangalore,
3. Mysore Co-operative Society, Mysore,
4. Grain Merchants' Co-operative Bank, Bangalore,
5. Mysore Krishnarajendra Co-operative Society, Mysore,
6. Mysore Palace Central Co-operative Society, Mysore,
7. Chikballapur Co-operative Society,
8. Shimoga Co-operative Bank, Shimoga,
9. Mysore City Co-operative Bank.

Travancore

Provincial Organisations

1. Trivandrum Central Co-operative Bank,
2. Travancore Co-operative Institute,
3. Travancore Aloe Yarn Co-operative Society,
4. Travancore Central Produce Co-operative Society,
5. Travancore Industrial Co-operative Society.

Other Organisations

Class B.—Banks having capital and reserve of over Rs. 1 lakh and less than Rs. 5 lakhs.

1. Trivandrum Central Co-operative Bank,
2. Nagercoil Peoples Co-operative Bank,
3. Neyyattinkara Taluk Co-operative Bank.

"The essence of the co-operative movement is that the people should take the management of their own affairs into their own hands, and the whole object of those charged with the education of the members of co-operative organisations should be so to teach the people that they will be able to assume complete control of their own organisations."

—ROYAL COMMISSION ON AGRICULTURE IN INDIA.

PROVINCES AND STATES IN INDIA

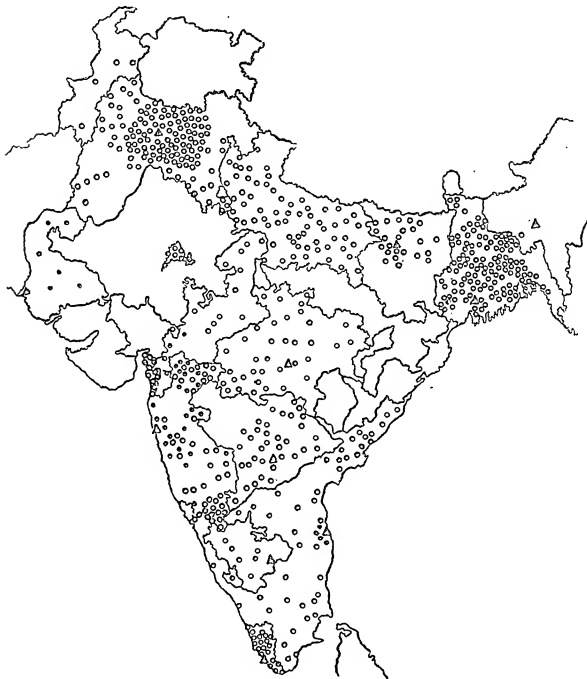
AREA, POPULATION, CO-OPERATIVE SOCIETIES,
MEMBERS, WORKING CAPITAL, 1940

Name	Area in sq. miles.	Population in thousands, 1941	Total No. of Co-operative Societies.	Total No. of Members.	Amount of Total Working Capital. Rupees.
PROVINCES:					
1. Assam ..	67,334	10,205	1,579	60,644	83,44,914
2. Bengal ..	77,521	60,314	37,439	11,62,560	21,24,67,996
3. Bihar ..	69,348	36,340	8,288	2,30,889	3,68,96,067
4. Bombay ..	77,221	20,858	5,289	6,31,346	16,13,15,255
5. C. P. & Berar ..	80,637	16,822	4,884	1,36,271	5,23,52,974
6. Madras ..	1,24,363	49,342	14,466	11,65,000	24,04,00,000
7. N.W.F. P. ..	36,356†	3,038	944	34,463	24,77,038
8. Orissa ..	32,400	8,729	2,726	1,08,925	1,29,00,071
9. Punjab ..	99,200	28,419	24,322	9,65,516	17,14,00,000
10. Sind ..	46,378	4,537	1,406	69,613	2,82,16,991
11. United Provinces ..	1,06,248	55,021	16,078	11,66,970	3,51,58,492
12. Ajmer Merwara ..	2,367	584	*	*	*
13. Coorg ..	1,593	169	295	20,724	14,59,230
14. Delhi ..	573	917	*	*	*
STATES:					
1. Baroda ..	8,164	2,855	1,297	65,920	1,01,98,520
2. Bhopal ..	6,924	823	*	*	*
3. Cochin ..	1,483	1,423	328	36,390	50,64,345
4. Gwalior ..	26,367	3,992	3,997	80,483	1,28,62,131
5. Hyderabad ..	82,698	16,184	3,958	1,54,412	2,77,56,935
6. Indore ..	9,902	1,510	847	29,974	89,82,257
7. Jammu & Kashmir ..	84,471	3,945	*	*	*
8. Mysore ..	29,458	7,329	1,956	1,45,000	2,64,19,210
9. Travancore ..	7,624	6,070	1,460	1,81,377	79,34,873

* Figures are not available.

† The area of the Settled Districts is only 13,518 square miles.

DISTRIBUTION OF PROVINCIAL AND CENTRAL CO-OPERATIVE
BANKS AND BANKING UNIONS



- Δ Head Offices of Provincial Co-operative Banks.
- o Branches of Provincial Co-operative Banks.
- o Central or District Co-operative Banks and Banking Unions.

By Courtesy—Reserve Bank of India

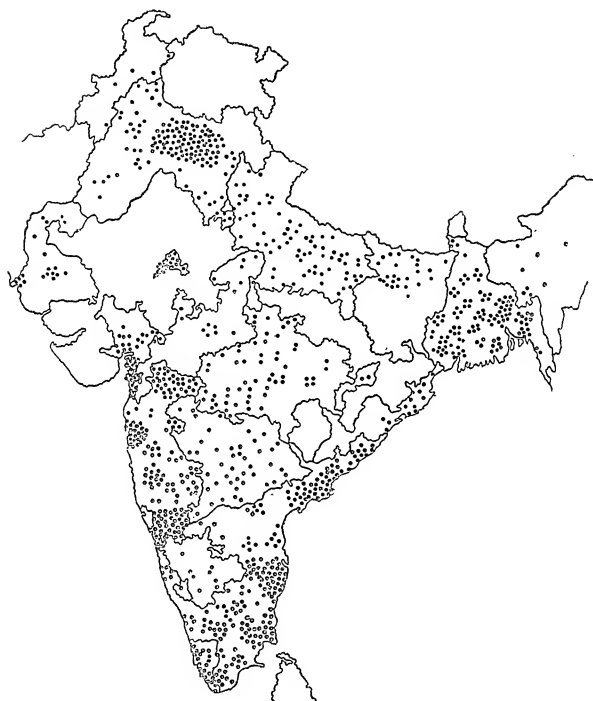
DISTRIBUTION OF PROVINCIAL AND PRIMARY LAND MORTGAGE BANKS AND URBAN CO-OPERATIVE BANKS



- ▲ Head Offices of Provincial Land Mortgage Banks.
- Primary Land Mortgage Banks.
- Urban Co-operative Banks.

By Courtesy—Reserve Bank of India

DISTRIBUTION OF THE OFFICES OF CO-OPERATIVE BANKS



By Courtesy—Reserve Bank of India

AUDIT CLASSIFICATION OF CO-OPERATIVE SOCIETIES, 1939-40¹

(PERCENTAGES)

Name.	A	B	C	D	E	Not Classified	Total
PROVINCES:							
Assam	..	·61	3·99	53·04	42·27	·09	100
Bengal	..	·09	1·02	36·94	11·33	10·89	39·73
Bihar	..	1·04	7·86	65·67	21·12	4·31	100
Bombay	..	6·75	23·06	24·45	43·72	....	100
C. P. & Berar	..	·51	5·90	67·29	19·17	7·13	100
Madras	..	3·90	16·72	68·14	11·24	....	100
N.W.F.P.	..	1·06	5·31	(i) 34·93 (ii) 41·97	5·84	....	10·89
Orissa	..	·33	2·48	52·12	29·89	12·93	2·25
Punjab*	..	2·2	14·2	(i) 30·1 (ii) 31·7	18·6	....	3·2
Sind	..	1·02	34·11	31·37	19·39	....	14·11
United Provinces*	..	·1	1·5	45·1	37·1	15·9	....
Ajmer-Merwara*	..	2·1	25·9	45·3	18·5	....	8·2
Cooch	..	17·36	46·53	30·56	4·86	·69	100
Delhi	18·40	(i) 20·28 (ii) 25·47	28·30	....	7·55
STATES:							
Baroda	..	8·1	22·1	26·1	26·0	....	17·7†
Cochin	..	9·74	21·19	24·58	34·32	10·17	....
Gwalior	..	·33	4·32	18·54	40·99	8·82	27·00
Hyderabad	..	2·63	13·37	57·27	14·13	6·08	6·52
Travancore*	..	2·30	6·65	48·26	39·63	....	3·16

* Figures relate to the year, 1938-39.

† Inclusive of societies wound up.

1. The classification of societies in India is generally guided by the standards laid down by the Registrars' Conference, 1926, though modifications therein have been made by some provinces in view of their experience. In general, a society is classified as 'A' if it is really good, works on co-operative lines, is sound financially and otherwise, requires no help from outside other than the annual audit and may serve as a model to other co-operative societies; a society is placed in class 'B' if it is generally, in a sound and healthy condition and manages its own affairs; it may, however, have a certain number of defaulters and may be short of perfection in co-operative spirit and education. A 'D' class society is a bad society which will be cancelled if it does not improve in classification within two years, and it is ineligible for receiving any kind of loan from the financing institution. All other societies are grouped under 'C' class. Some provinces have further classified 'C' societies into 'C(i)' and 'C(ii)'; the latter being a little better than societies in class 'D'; a few provinces have further introduced a new classification 'E' to apply to societies which are definitely condemned to liquidation, with no possibility of revival.

NUMBER OF SOCIETIES, THE AMOUNT OF WORKING CAPITAL
OF WORKING SOCIETIES AND THE AMOUNT INVOLVED IN
SOCIETIES UNDER LIQUIDATION AT THE END OF 1938-39

(1)	Number of societies.	Number of societies in liquidation.	Percentage of (3) to (2)	Working capital of the societies (Rs. lakhs)	Amount involved in societies under liquidation (Rs. lakhs)	Percentage of (6) to (5)
(2)	(3)	(4)	(5)	(6)	(7)	
PROVINCES :						
Assam ..	1,551	190	12.3	88	....	....
Bengal ..	30,707	1,559	5.1	2,021	....	....
Bihar ..	7,762	835	10.8	465	20.8	4.5
Bombay ..	5,126	782	15.3	1,627	64.9	4.0
Central Provinces and Berar ..	4,764	1,323	27.8	543	56.9	10.5
Madras ..	13,759	1,392	10.1	2,271	73.1	3.2
North-West Frontier Province ..	822	7	.9	27	.1	.2
Orissa ..	2,704	189	7.0	132	7.1	5.4
Punjab ..	24,322	1,594	6.6	1,714	49.6	2.9
Sind ..	1,397	186	13.3	328	8.8	2.7
United Provinces ..	10,858	1,043	9.6	321	17.6	5.5
Ajmer-Merwara ..	723	79	10.9	62	....	....
Coorg ..	312	4	1.3	14	....	....
Delhi ..	353	21	6.0	34	.3	.9
Total ..	1,05,160	9,204	8.8	7,461	299.2	4.0
STATES :						
Baroda ..	1,244	140	11.3	95	....	....
Bhopal ..	671	141	21.0	8	5.4	64.3
Cochin ..	314	45	14.3	43	....	....
Hyderabad ..	3,638	129	3.6	275	4.4	1.6
Mysore ..	1,692	129	6.8	263	....	....
Kashmir ..	3,633	111	3.1	99	1.2	1.2
Travancore ..	1,636	327	20.0	79	6.7	8.5
Total ..	13,035	1,022	7.8	461	17.7	3.8
Grand Total ..	1,18,195	10,226	8.8	7,923	316.9	4.0

WHO IS WHO AMONG CO-OPERATORS IN INDIA

BRITISH INDIA

ASSAM

(No information under the head 'Who is Who' has been received from Assam. We publish therefore the following names of non-official co-operators to whose activities reference has been made in the latest administration report of the Registrar).

Abdur Rahman, Md., Maulvi; Hony. Organiser, Co-operative Societies, Sarbhog.

Barua, Lalit Kumar, Dr., Hony. Organiser, Co-operative Societies, Nowgong.

Baruah, R. N., M.L.A., A prominent non-official co-operator.

Challiah, G. P., A prominent non-official co-operator.

Hussain, M. H., I.C.S., Registrar of Co-operative Societies in Assam (1941).

Khurshid, Md., I.C.S., Registrar of Co-operative Societies in Assam till 5th October 1939.

Kumud Behari Deb, Babu; A prominent non-official co-operator.

Mehra, S. L., I.C.S., Ex-Registrar of Co-operative Societies in Assam.

Narayan Chowdhury, Prabhat, B.A., Hony. Organiser, Co-operative Societies, Nalbari.

Neogy, J. N., M.A., Hony. Organiser, Co-operative Societies, Bijni.

Padmapati, A. K., M.A., B.L., Hony. Organiser, Co-operative Societies, Tezpur.

Phukan, Radha Nath, MA., B.L., Rai Bahadur; Registrar of Co-operative Societies and Director of Agriculture and Industries (1928); Responsible for considerable expansion and improvement of the movement.

Purkayastha, K. C.: Honorary Secretary, Surma Valley Co-operative Organisation Society; Member, Standing Committee, All-India Co-operative Institutes' Association.

Ramzan Chaudhury, Md., Maulvi; Hony. Organiser, Co-operative Societies, Baniachong.

BENGAL

Amin, Nurul, B.L., Khan Sahib; b. March 1897; Director, Central Co-operative Bank, Mymensingh; Bengal Provincial Co-operative Bank till 1940; Town Co-operative Bank, Mymensingh; and Ramamritganj Co-operative Sale and Supply Society; Hony. Secretary, Co-operative Land Mortgage Bank, Mymensingh; Chairman, Dhanikhola Milan Samaj Co-operative Shilpa Sangh; District Board, Mymen-

singh; Member, District School Board; Sadar Local Board; Ananda Mohan College Council, Mymensingh; and Indian Jute Committee; Vice-President Bengal District Board Association; Director, Dayamayee Jayanti Sugar Mills, Kishoreganj.

Arshad Ali Maulvi, A.M., Khan Bahadur: Registrar of Co-operative Societies, in Bengal for some time; Member, Executive Council, Bengal Co-operative Alliance.

Bhattacharjee, P. C., Honorary Secretary, Bengal Co-operative Alliance.

Bose, M. N., B.A., B.L., Rai Bahadur; Midnapore; b. 3rd October 1868; Secretary, Midnapore Central Co-operative Bank, 1914-30; Its Chairman, 1930-37 and again since 1940; Director, The Bengal Provincial Co-operative Bank, 1919-28; Chairman of its working Committee, 1919; Director again 1941; Vice-President, The Bengal Co-operative Organisation Society, 1938; Awarded the Co-operative Jubilee Medal, 1935; Member, Midnapore Sadar Local Board, 1908-29, Vice-Chairman for 9 years during the period; Member, The Midnapore Dt. Board for 20 years; Chairman, Midnapore Municipality, 1924-34; Member, Governing Body, Midnapore College since 1918; Bengal Legislative Council, since 1937.

Chandhiwi, Tarapade, M.A., B.L., Katwa, Dt., Burdwan; b. 1897; Founder, Secretary, and Deputy Chairman, Katwa Central Co-operative Bank; Director, Bengal Provincial Co-operative Bank; Chairman, Katwa Municipality.

Chatterji, Sanat Kumar, Rai Bahadur, Dharmabhusan; b. June 1893; Lecturer, Civil Engineering College (1923); Professor, University Law College, Calcutta; Paper setter and paper examiner of the Law Examinations, Calcutta University; Member, Bengal Provincial Text-Book Committee; Chairman, Barasat Municipality (1928-1932); Director, Bengal Provincial Co-operative Bank (1928-1941); Chairman, Land Mortgage Bank Sub-committee of the Provincial Bank (1935-1941); Joint Author of 'Land Mortgage Bank'; Director, Barasat Central Co-operative Bank (1923-39); Chairman, Barasat Co-operative Credit Society; Some time Secretary and later Deputy Chairman of the Bengal Co-operative Industrial Society; Member, Executive Council of the Bengal Co-operative Alliance; Member, Standing Committee of the All-India Provincial Co-operative Banks' Association from 1934 to 1941; Member, Standing Committee of the All-India-Co-operative Institutes' Association for some time.

Faroque, K. G. M., Nawab, Sir; Chairman, Bengal Provincial Co-operative Bank; Formerly Minister of Co-operation, Government of Bengal.

Ghose, Saral Kumar, M.A., B.L., Ghoramara; b. 1896; Hony. Secretary, Rajshahi Central Co-operative Bank, and Rajshahi Town Co-operative Bank; Hony. Secretary Rajshahi Dt. Postal Union; Chairman, Rajshahi-Pabna Postal Employees' Co-operative Society; Rajshahi Co-operative Multipurpose Society; Director, Bengal Provincial Co-operative Bank; Chairman, Rajshahi Town Co-operative Bank for some time; Deputy Chairman, Rajshahi Central Co-operative Bank for some years; Commissioner, Rajshahi Municipality; Member, Sadar Local Board; Secretary, Rajshahi Association; Member, Governing Body, Rajshahi College; Committee of Management, B. K. Agricultural Institute; Managing Committee, P. N. Girls' High School; Managing Committee, Lokenath High School; and Sadar Hospital Committee.

Ghosh, Jafindra Nath, B.A., B.L., Rai Bahadur, Khulna; b. June, 1894; Started the Khulna Central Co-operative Bank, 1917; Its Secretary till 1927; and later its Deputy Chairman for 10 years; Director, Provincial Co-operative Bank for 8 years; Obtained Kaisar-i-Hind Silver Medal, 1922; Asst. Secretary, Khulna Bar Association and Jt. Secretary, Khulna Peoples' Association for some time; Vice-Chairman, Khulna Dt. Board, 1920-28 and Chairman, 1928-38.

Ghuznavi, Abdul Halim, Sir; Chairman, Calcutta Co-operative Milk Societies Union; Bengal Co-operative Insurance Society; and Bengal Provincial Co-operative Industrial Society.

Hossain, Ashraff; Khan Sahib; Jamalpur, Mymensingh; b. 1888; Founder Secretary, The Original Dewanganj Rice Prodayini Society; Secretary Jamalpur Co-operative Town Bank; Jt. Secretary, Deputy Chairman and now Chairman, Jamalpur Co-operative Central Bank; Member, Jamalpur Local Board; Member, Executive Committee, Bengal Co-operative Alliance; Director, Jamalpur Central Village Reconstruction Society; Director, Bengal Co-operative Insurance Society; and Bengal Provincial Co-operative Bank; Chairman, Jamalpur Municipality for some time.

Ibrahim Moulvi Mohammad; Khan Bahadur; Mukhtear, Bogra; b. 1865; Kaiser-i-Hind medalist; Deputy Chairman, Bogra Central Bank; Founder and Secretary, Sonatolla H. E. School, Bogra; Member, Bengal Legislative Council; Member, Bogra District Board; and Bogra Municipal Council for some years.

Kar Naripati; Manager, Bengal Provincial Co-operative Bank.

Lahiri, S. K.; Honorary Secretary, Bengal Co-operative Organisation Society, 1926-38; Vice-President, All-India Co-operative Institutes' Association.

Mukherjee, Haran Chandra; Manager, Bengal Co-operative Alliance; Editor, Bengal Co-operative Journal and Bhandar.

Mukherjee, Nagendra; Rai Bahadur, O.B.E., Governor, Bengal Co-operative Alliance.

Rahman, Shamsur, B.A., B.L., Khan Sahib; Khulna; b. 1885; Secretary, Khulna Central Co-operative Bank, 1928-35; Director, Bengal Provincial Co-operative Bank, 1930-35; Deputy-Chairman, Bengal Co-operative Insurance Society; Member, Standing Committee, All-India Co-operative Institutes' Association, 1930-35; Deputy-Chairman, Khulna Central Co-operative Bank; Vice-Chairman, Khulna Municipality for 9 years and Commissioner for 12 years; Member District Board, Khulna since 1918 and its Vice-Chairman since 1936; Secretary, Khulna Yusufia High Madrasa; Secretary and later Deputy-Chairman, Daulatpur Haji Mohsin H. E. School, Khulna.

Ray, Ambika Charan, M.A., B.L., Berhampore; b. 5th Jan. 1882; One of its founders in 1915 and Secretary, Berhampore Central Co-operative Bank from 1927; Chairman, Berhampore Co-operative Store from 1930; Director, Bengal Provincial Co-operative Bank 1933-37; Chairman, Berhampore Municipality; Vice-President, All Bengal Municipal Association, Calcutta; Secretary, Murshidabad Association, since 1926.

Roy, P. C., Sir; Life Member, Bengal Co-operative Alliance.

Sinha, Surendra Narayan; Rai Bahadur; Jaiganj; District, Murshidabad; b. 1881; Secretary, Lalbagh Central Co-operative Bank for some time; Member, Bengal Legislative Council, for some years; Chairman, Murshidabad District Board and Jaiganj-Azinganj Municipality for some years; Served as Honorary Magistrate for some time.

Tulsidas; Rai Sahib; Deputy Chairman, Central Paddy Sale Society.

Wordsworth, W.C., Former Chairman, Bengal Provincial Co-operative Bank; Director, Bengal Provincial Co-operative Bank.

Zaman, W., B.A., B.L., Khan Sahib; Maulvi; Joint Honorary Secretary, Bengal Co-operative Alliance; Member, Standing Committee, All-India Co-operative Institutes' Association.

BIHAR

Almed, Syed Sultan, Sir; D.L., Bar-at-Law; b. 1880; Ag. Deputy Legal Remembrancer for Bihar and Orissa High Court, Calcutta, 1913; Deputy Govt. Advocate, 1916; later Advocate-General; Puisne Judge, Patna High Court, 1919-20; first non-official Vice-Chancellor, Patna University for 6 years; Member, Racial Distinctions Committee, 1921-22; Hartog Education Committee, 1928-29; Offg. Member, Viceroy's Executive Council for some time; Attended the Round Table Conference, 1930-32; Chairman, Bihar and Orissa Provincial Co-operative Bank since 1932. Address: Sultan Palace, Patna.

Bhaduri, Nalini Mohan, Rai Saheb ; Deputy Chairman, Madhipura Central Bank since 1931; Councillor, Bihar and Orissa Co-operative Federation; A leading lawyer and enthusiastic worker in the co-operative movement from 1911.

Ghose, Babu Tara Prasanna; Hon. Secretary, Ranchi Co-operative Central Bank in charge of Ranchi Weavers' Co-operative Stores, 1914; later Managing Director since 1920; Hon. Secretary since 1936; Hon. Organiser, Co-operative Societies since 1920; Organised Khurdi Central Co-operative Banking Union and most of its affiliated societies; Guarantor Director of the Union since 1921; Hon. Secretary, Chotanagpur Divisional Co-operative Federation Board for 10 years; Director, Provincial Co-operative Bank for several years; Councillor, Bihar and Orissa Co-operative Federation; Member, Standing Committee, All-India Co-operative Institutes' Association.

Ghose, Satish Chandra, B.L., Hon. Secretary, Dumka Central Co-operative Union; Organiser, Co-operative Societies; A prominent co-operator since 1928.

Gupta, Tara Prasanna Das, Rai Bahadur; A veteran co-operator; Hon. Secretary, Araria Central Bank for many years; Councillor, Federation Council, Patna for a number of years.

Haque, Saghirul, Khan Bahadur; Hon. Secretary, Central Co-operative Bank since its inception, 1915; Chairman, Reception Committee, the B. & O. Co-operative

Federation Congress, Chapra, 1934; Deputy Governor, B. & O. Co-operative Federation for two years; Member, B. & O. Federation Council more than once.

Imam, Lady Anise, Director, Provincial Co-operative Bank for the last three years; Connected with some of the educational and civic activities of the province.

Khan, Qamar Ali, Khan Saheb, B.L., b. 1895; Member, District Board since 1924; Secretary, Saseran Bank, 1924-32; Councillor, Co-operative Federation; Director, Provincial Co-operative Bank; An enthusiastic co-operator.

Lal Jha; b. 1889. Honorary Secretary, and Vice-Chairman Rohika Central Co-operative Union, 1922-23; Councillor, Co-operative Federation.

Mitra, Babu Priya Nath, M.A., B.L., Director, Laheriasarai Central Co-operative Bank, 1919; Hon. Secretary, 1924-39; Chairman, Tirhut Divisional Co-operative Federation Board; Councillor, Co-operative Federation; Director, Provincial Co-operative Bank for some time.

Mukherjee, Bhupati Bhushan, b. 1895; Professor of Economics, Patna College, Patna; Director, Cuttack Central Co-operative Bank, 1920; Joint Honorary Secretary, Muzafferpore Central Co-operative Bank; Hon. Secretary, Muzafferpore Educational Officers' Co-operative Society, 1924-28; G.B.B. College Co-operative Stores, 1929-30; Director, Bhagalpore Central Co-operative Bank, 1931; Editor, *Bihar Co-operative Journal*; Publications: *Co-operative Sale, Co-operation and Rural Welfare in India*; *Bihari Mahajan*; *A Study in Indigenous Banking in Bihar*; and *Economic and Commercial Geography of India*.

Narayan, Raj Prakash, Rai Saheb, Secretary, Deputy Chairman and Chairman, Fatwa Central Co-operative Union for a long time; conducted interesting experiments in the organisation of irrigation societies, co-operative stores etc., Hony. Organiser for a long time; Member, Lyall Committee on Co-operation; Councillor, Co-operative Federation for 20 years; Actively interested in the Divisional Federation Board; connected with the Provincial Co-operative Bank for 2 decades.

Prasad, Babu Nawal Kishore, M.A., B.L., Pioneer of the Co-operative Movement in the District of Hazaribagh; Director, Assistant Secretary, Hony. Secy. Depy. Chairman and Chairman, Hazaribagh Central Co-op. Bank; Councillor, Bihar Co-op. Federation for two terms; Director, Bihar Provincial Co-op. Bank; Chairman, Reception Committee, Federation Congress, Hazaribagh, 1940.

Prasad, Mathura; Rai Saheb; b. 1886; Retd. Principal, Co-op. Training Institute, Pusa and Hony. Secy. Provl. Civil Service Co-op. Association; Govt. Auditor, Co-op. Dept. 1909; Sub-Dy. Collector, 1913; Hony. Supervisor, Gulzarbagh Carpet Co-op. Society; Asst. Registrar, Co-op. Societies, 1923; First Principal, Durga Prasad Co-op. Training Institute, Sabour; Editor, Co-op. Journals in English and Hindi for a number of years.

Prasad, Ram Krishna; b. 1892, Deputy Registrar, Co-op. Societies, Bihar; Dy. Collector, 1917; Asst. Registrar, Co-op. Societies, 1931; Special Officer in charge of Co-op. Rehabilitation; Offg. Dy. Registrar, 1939; Registrar, 1940.

Radha Krishna, Sah: b. 1892. A well-known business man and banker; Individual Director, Provincial Co-op. Bank for 3 years.

Roy, Mihirnath; Rai Bahadur; b. 1871; Offg. Pub. Prosecutor for some years; Awarded Rai Saheb 1912; Managing Director, Provl. Co-op. Bank for 14 years; President, Bengali Settlers' Association; Proprietor, 'Bihar-Herald'; Member, Co-operative Enquiry Committee, 1931.

Roy, N. K., b. 1883; Deputy Registrar, Co-op. Societies, 1916; Asst. Registrar; Personal Asst. to the Registrar and Dy. Registrar till 1934; Offg. Registrar, Co-op. Societies 1918; Visited England twice; Chief Organiser, Rural Development Department, Bihar since 1940; Publications: '*Quo Vadis*'; *Future of Co-operation*; *Co-op. Organisation and Propaganda—A scheme*; *Co-operation—the founder of Rural Reconstruction*; *A Practical scheme of Rural Reconstruction*; and *Community School*.

Roy, S. K., M.A., Retd. Principal, St. Pauls High English School, Ranchi, Hony. Secy., Chotanagpur Christian Central Co-op. Bank; now Deputy Chairman; Director, Ranchi Central Co-op. Bank, 1921; Ag. Deputy Chairman, 1936-39; Chairman, Chotanagpur Divisional Co-op. Federation Board, since 1933; Ag. Chairman, Ranchi Weavers' Co-op. Stores since 1933; Councillor, B & O Co-op. Federation for several years.

Roy, Susil Kumar, M.A., B.L., Rai Bahadur; Secy., Rohika Central Co-op. Union—1913-1932; Vice-Chairman since 1933; Awarded Rai Saheb, 1917; Member, Bihar Co-op. Rehabilitation Enquiry Committee.

Sahay, Rajballabh: Rai Saheb; Hon. Secy., Gopalgunj Central Co-op. Bank, since 1917.

Sahaya, Syammandan, B.A., Rai Bahadur; b. 1900. Managing Director, Bihar and Orissa Provincial Co-op. Bank; Was Member, Local Committees and Chairman of the Muzafferpore Municipality; Secy., Muzafferpore Central Bank and later its Chairman; Chairman, Reception Committee, Bihar and Orissa Co-op. Congress, Muzafferpore 1930; President, Jamshedpore session of the Co-op. Congress, 1935; Member, Hubback Co-op. Enquiry Committee, Committee of experts appointed to consider the Rehabilitation scheme; Executive, Bihar Landholders' Association; Member, Provl. Legislature; Responsible for sponsoring and piloting the Bihar Tenancy Amendment Act, 1934. Address.—Sahaya Bhuvan, Muzafferpore.

Sinha, Akhoury Basudeva Narayan; b. 1889. Served in the editorial staff of 'The Beharee' (Patna) and the 'Leader' (Allahabad); Hon. Secy., Provincial Civil Service Co-op. Association for 10 years since 1923; Councillor, Bihar Co-op. Federation since 1924; Member, Provident Fund Committee and Standing Accounts Committee; and President, Patna Divisional Co-op. Federation Board for the last nine years; Vice-Chairman, Reception Committee, Bihar Federation Congress, Patna, 1940; President, Secretariat Co-op. Stores Society, Patna.

Sinha, Thakur Bholanath; Rai Bahadur; Secy. and Dy. Chairman, Bihar and Orissa Provincial Co-op. Bank for a long time; Hony. Secy., Patna Divi-

sional Co-op. Federation Board for some years; Director, Provl. Co-op. Bank. Author of a book on Co-operative Movement in Bihar and Orissa.

Singh, Babu Deep Narayan: M.L.A., b. 1893. Founder, the Bithauli Ashram, Hajipur Sub-Division; Member, Co-op. Rehabilitation Committee; Board of Experts of the Co-op. Rehabilitation Committee; and Co-op. Federation Council for several years; Dy. Chairman, Hajipore Central Co-op. Union; Dy. Governor, Co-op. Federation, 1937 and 1939; Editor, "Gaon" (in Hindi) published by the Co-op. Federation; Member, Sugar Control Board.

Singh, Jugal Kishore: Rai Bahadur; b. 1885. Retd. Dy. Registrar, Co-op. Societies, Bihar; Chairman, Provl. Civil Service Co-op. Assocn., Patna; Asst. Registrar, Co-op. Societies, 1925; Responsible for establishing village welfare societies in the Gopalgunj sub-division; Dy. Registrar, Co-op. Societies 1935; Offg. Registrar, Co-op. Societies 1940; President, Provincial Civil Service Co-op. Association, Patna; Retd. from Service 1940.

Singh, Lekh Narayan; Rai Bahadur. Secy., The Barh Central Co-op. Bank 1913-22; Chairman, 1928; Director, B & O. Provl. Co-op. Bank, for a number of years; Councillor, Co-op. Federation.

Singh Onkar Sharan; Hon. Secy. Jamui Central Co-op. Bank; Director, Bihar and Orissa Provincial Co-operative Bank.

Sunder Lal Shyam; b. 1877. Director, Madhipura Central Co-op. Bank, 1912; Joint Secretary for 3 years; Director, Bhagalpore Central Co-op. Bank, 1928; Hon. Secy., Divisional Co-op. Federation since 1930; Councillor, Bihar and Orissa Federation Council for 3 terms; Director, Bihar Provl. Co-op. Bank; Member, Standing Committees, All India Institutes' and Provincial Banks' Associations for two terms; Hony. Lecturer in Law, Durga Prasad Co-op. Training Institute, Sabour for 1 year; Editorial Board 'Bihar Co-op. Journal'; Vice-Chairman, Bhagalpore Municipality, 1921; Member, Bhagalpore District Board for one term; the Divisional Development Board for two terms. A staunch Congressman.

Thakore, Vishnuprasad Manilal. B.Com., b. 1893. Inspector, Bombay Provl. Co-op. Bank, 1918; Accountant in the Bank, 1921; Secy., B. & O. Provincial Co-operative Bank since 1924; Special Officer, Co-op. Department, 1940-41; Hony. Secy., Indian Provl. Co-op. Banks' Association since 1928; Bihar Chamber of Commerce, 1939 and 1940; Asst. Secy., Bihar Society for the Prevention of Cruelty to Animals, 1938; Joint Secy. since 1939.

Wasey, Ghulam Abdul; b. 1904. Asst. Public Prosecutor; Hony. Secy., Patna Traders' Bank, 1935; Director, B. and O. Provincial Co-op. Bank 1936; Secy., Patna Divisional Board; Councillor, Bihar Federation.

Yunus, M., Bar-at-Law; b. 1884. Director, Bihar and Orissa Provl. Co-op. Bank; Prime Minister during the period of the Interim Ministry; Leader, Independent Party, Legislative Assembly; Director, Provl. Co-op. Bank for some years; Founder the Orient Bank; Toured extensively in America, Palestine, Syria, Egypt, Hedjaz etc.; Managing Director, Provl. Bank, 1922-23.

BOMBAY

Bhadrapur, K. B., M.A., b. 1888. Entered Government Service in 1913 and served in the Revenue and Co-operative Departments, as Deputy Collector and Assistant Registrar, respectively. Sailed for London, 1929 and studied Law. Appointed Member of the Civil and Military Examinations Committee, 1931. Made Rao Bahadur, 1932; Ex-officio member of the Bombay Legislative Council and Government Whip and of the Indian Legislative Assembly. Served as Collector. Hobby: Uplift of Backward Classes.

Bhide, Vithal Shivram, B.A., LL.B. (Cantab), I.C.S., Served as Assistant Commissioner, Burma (1915-1919). Came to Bombay Presidency (1919). Served as Asst. Collector and Collector in various Districts. Appointed Registrar of Co-operative Societies (1927). Pursued a policy of consolidation and improvement of Societies. Secretary, Revenue Department 1938-41. At present Commissioner, Southern Division.

Bhambhani, R. B., C.I.E., I.C.S., b. 1883; Came to India 1907. Secretary to Government of Bombay. General Department. Was Registrar of Co-operative Societies (1911-20), Bombay Presidency. Secretary of Imperial Committee on Co-operation (1914-15). Author of Manual of Co-operative Societies for Bombay Presidency. Editor of Indian Co-operative Studies. Was in the Revenue and Agriculture, Education, Health and Lands Departments of the Government of India (1921-27) and during the period dealt with such co-operative questions as came before the Central Government. Associated with the Real Start of the Co-operative Movement in the Bombay Presidency. Address: Standing Stone, Wigton, Cumberland, England.

Gandhi, Chuni Lal Mancklal, B.A., LL.B., Nanpura Road, Surat. b. 1872. Elected Member of Rander Municipality for several years. Elected Member of the Surat Municipality (1904-12). Chairman of the Executive and Managing Committees of the Sarvajanic Education Society, Surat from 1920. Chief worker in collecting funds and establishing the M.T.B. College at Surat. Elected Member of the Bombay Legislative Council (1920). Member of the Bombay Primary Education Committee and Chairman of the Bombay Retrenchment Committee and the Bombay Excise Committee. One of the first members and now the Chairman (from 1917) of the Surat District Central Co-operative Bank. Principal, Gujarat Co-operative School (1928-30). Member, Executive Committee and the Central Education Board of the Provincial Co-operative Institute. Editor of the 'Sahakari Patrika', the Gujarati Monthly organ of the Institute (1928-31). Vice-President, Provincial Co-operative Institute, Bombay, 1935-39. Director, Bombay Provincial Co-operative Bank, 1936-39. Chairman, Bombay Co-operative Insurance Society since 1936.

Garud, Vinayak Vaman, B.A., Landlord and Agriculturist, Dhulia; b. 1882. Councillor, Dhulia City Municipality (1920-27) and its Vice-President and Chairman, Managing Committee (1922-24). Chairman of the Advisory Committee of Dhulia Branch of the Bombay Provincial Co-operative Bank, (from 1925); District Honorary Organiser, Co-operative Societies for West Khandesh (from 1926); Chairman, West Khandesh District Branch of the Bombay Provincial Co-operative Institute (1924-1928); Director, Bombay Provincial Co-operative Bank (1930-34);

Organizer, President of the Board of Control and Chairman of Managing Committee of the West Khandesh District Co-operative Purchase and Sales Union.

Ikram, Sheikh Mohamad, M.A., I.C.S., b. 10th September, 1908. Registrar of Co-operative Societies and Director of Rural Development, Bombay Province, Poona; Posted as Assistant Collector Kaira (1933); Assistant Collector, Surat (1934); Deputy Registrar, Co-operative Societies, (1937); Officiated as Collector of Poona; Collector of Broach and Panch Mahals; Publications—"Rural Calendar"; "Khedut Pothi" (Gujarati); "Ghalib Nama" (Urdu).

Jadav, Vandrayan Chhotalal, B.A., Rao Saheb, Banker and Commission Agent, Kanpith, Surat; Hon. Treasurer and Trustee, Surat Mahila Vidyalaya; Member, Managing Committee, Sarvajanic Education Society, Surat; Appointed District Honorary Organiser (1922); Promoter and Managing, Director of the Surat Peoples' Co-operative Bank and the Gujarat Urban Co-operative Banks' Supervision Union; Director of Bombay Provincial Co-operative Bank; Connected actively with the Surat City Co-operative Milk Supply Society and Surat District Vidyarthi Sahayak Sahakari Mandal; Chairman, Sonsek Supervising Union; Member of the Executive Committee and Provincial Co-operative Council of the Provincial Co-operative Institute (1926-28).

Jadhav Bhaskarrao Vitthoji Rao, M.A., LL.B., b. June 1867; Entered Kolhapur State Service in 1895 in the Revenue Department and subsequently in Judicial and General Departments; Served as Sar Subha or Chief Revenue Officer 1916-21 when he retired from service; Conducted a Marathi Paper 1901-1904; Started the Maratha Educational Conference 1907 and has been working in it ever since; Revived the Satya Shodhak Samaj Movement; Responsible for the organisation of the Co-operative Movement in Kolhapur State; Organised in 1913 the Kolhapur Municipal Servants' Co-operative Society which later became the Kolhapur Urban Co-operative Bank; District Hon. Organiser, Co-operative Societies, for Satara District 1922-23; President, Provincial Co-operative Institute, Bombay, since 1935; Director, Bombay Provincial Co-operative Bank; Bombay Co-operative Insurance Society; Nominated Member of the Bombay Legislative Council 1922-23; Elected to Bombay Legislative Council (1923); Was Minister for Education and Medical Relief; and again for Agriculture, Co-operation and Forests for some time; Elected to Assembly (1930); Member, 1st and 2nd Round Table Conferences; Retired from the Assembly after dissolution in 1934.

Joshi Narayan Mallur, J. P., B.A., M.L.A., Girgaum, Bombay; b. June, 1879; Retired member of the Servants of India Society; Secretary, Bombay Social Service League since 1911 and Secretary, Bombay Presidency Social Reform Association, 1917-29; One of the founders of the Bombay Co-operative Library and the Bombay Co-operative Quarterly; One of the original promoters of Co-operation among factory workers in Bombay City; General Secretary, All-India Trade Union Congress, 1925-29; Was sent to Mesopotamia by the Government of India as representative of the Indian Press, 1917, and in 1920 to Washington and in 1921, 1922, 1925 and in 1929 to Geneva as delegate of the working classes in India to the International Labour Conference; Deputy Member of the Governing Body of the I.L.O. since 1922; Awarded Kaiser-i-Hind Silver Medal (1919); Was awarded but declined C.I.E. in 1921; Member of the Bombay Municipal Corporation 1919-1923; Nominated

by Government a member of the Legislative Assembly in 1921 and again in 1924, 1927, 1931 and 1934 to represent Labour; Member, Royal Commission on Labour 1930; Attended Round Table Conference, 1930, 1931, 1932 and was for some time Member of the Consultative Committee; Attended meetings of the Joint Parliamentary Committee as Indian delegate; Elected Member of the Governing Body of the I.L.O., Geneva, in 1924 and again in 1937.

Kaji, Hiralal Lalubhai, M.A., B.Sc., F.R.G.S., F.R.S.A., I.E.S., (Retd.), J.P., b. 10th April 1886; Awarded Kaiser-i-Hind (silver) Medal (1930); and Dewan Bahadur (1936); Chairman, The Vasant Insurance Co., Ltd., Bombay; Professor, Gujarat College, Ahmedabad (1905-09); Rajkumar College, Rajkot (1909-16); Sydenham College of Commerce and Economics, Bombay (1916-39); Principal and Professor of Economics, Gujarat College, Ahmedabad, (1939-41); Fellow, Bombay University (from 1933); Syndicate, S.N.D. Thackersey Indian Womens' University (from 1935); President, The Mahila Vidyalaya Mandal Surat (from 1938); President, Bombay Geographical Society (1929-32); Hon. Treasurer, Indian Economic Association (1924-27); Hon. Secretary, Association of Indian Offices of the Bombay Educational Department, (1927-1941). Editor: *Bombay Co-operative News* (1924-1927); Organised different types of Co-operative Societies; President of the Sydenham College Co-operative Stores; Dasha Lad Educational Co-operative Society; General Adviser of the Pioneer Thrift Society; President, Bombay Co-operative Insurance Society, (1930-35); Vice-President and Chairman of the Executive Committee and Chairman of the Central Education Board of the Provincial Co-operative Institute, Bombay (1926-30); Organised three regular Co-operative Schools in the Presidency; Hon. Secretary, (1929-32) and Vice-President (1932-34) of the All-India Co-operative Institutes' Association; Member of the Bombay Government Committee on Supervision (1933); Member of the Prohibition Research Advisory Board, Ahmedabad (1939-41).

Kale, Vaman Govind. b. 1886. Retired Professor, Fergusson College, Poona; Life Member, Deccan Education Society. Fellow of Bombay University, 1919-24; Member, Council of State, 1921-23 and Member, Indian Tariff Board. 1923-25; Secretary, D. E. Society 1925-28; Director of Poona Central Co-operative Bank and Poona District Land Mortgage Bank for several years; Editor, *Bombay Co-operative Quarterly* and Vice-President, Bombay Provincial Co-operative Institute, 1930-34; Member of the Bombay Government Committee on Supervision, 1933; Chairman, Central Education Board of the Institute; Director, Bombay Provincial Co-operative Bank; Conducted an inquiry into the Co-operative Movement in Gwalior State; Organiser, Co-operative Societies in Gwalior State; Editor "Artha", a Marathi Weekly devoted to economic problems. Publications: *Indian Industrial and Economic Problems*, *Indian Administration*, *Indian Economics*, *Dawn of Modern Finance in India*, and also some Marathi publications including 'Sahakar' (Co-operation).

Latthe, Anna Bahaji, M.A., LL.B., Bombay; b. 1878. Professor of English, Rajaram College, Kolhapur, 1907-1911; Educational Inspector, Kolhapur till 1914; Edited Deccan Ryot (1918-20); Member of the Indian Legislative Assembly 1921-23; Member of the University Reform Committee 1924; Diwan of Kolhapur 1926-30; Conferred Diwan Bahadur, 1930; Attended Round Table Conference in London as Adviser to the States' Delegation; Chairman, Central Co-operative Bank, Belgaum District, 1932. Member of the Bombay Government Committee on Supervision, 1933; Minister in charge of Finance and Rural Development 1937-39; Responsible

for piloting 'Debt Relief legislation and the creation of the Rural Development Department. Published "The Federal Constitution of the World" (Marathi), etc.

Laxmeshwar, Fakirappa Bharmappa; Kurtakoti, Dharwar; b. 1886; Organiser and Chairman of the Kurtakoti Co-operative Credit Society from 1909 to 1920; Organiser and Promoter of the Gadag Co-operative Gardeners' Sale Society, and the Gadag Co-operative Cotton Sale Society; Member, Executive Committee, Bombay Provincial Co-operative Institute and Member of the Managing Committee of the Dharwar Divisional Co-operative Institute, Dharwar; Director of the Bombay Provincial Co-operative Bank, 1931-36; Director of the Karnatak Central Co-operative Bank, from 1923; Director of Land Mortgage Banks, Dharwar and Gadag; Chairman, Co-operative Education Society, Hukoti; President, Taluka Development Co-operative Association, Gadag from 1923; Chairman, Gadag-Betigeri Co-operative Ginning Society, from 1931; Member, Executive Committee of the District Rural Development Board, Dharwar; Managing Committee Harijan Anath Ashram, Gadag; Dharwar District Local Board; and Standard Sub-Committee of the Indian Central Cotton Committee, Bombay from 1939; Sitting Director of the East India Cotton Association, Bombay from 1940; Made Rao Saheb, 1940.

Madan, J. A., C.I.E., I.C.S., Served as Asst. Collector; Asst. Settlement Officer; and Assistant Registrar, Co-operative Societies. Deputed to Europe to study Co-operation in 1923; Served as Registrar, Co-operative Societies, Bombay (1923-26); Was keen on the development of Agricultural Non-credit Co-operation; Joint-Secretary, Royal Commission on Agriculture and Chairman, Bombay Banking Enquiry Committee; Secretary, Revenue Department (1934-36); Commissioner South-eastern Division (1936-39); Adviser to the Governor of Bombay since November 1939.

Malji, Ambashankar Uttamram; Pleader and Landlord, Broach; Elected member of the Broach Municipality from 1897 to 1910 and again from 1907 to 1924; Awarded Coronation Certificate by the Bombay Government, 1911; Secretary and later President of the Broach District Central Co-operative Bank; Promoted a Spinning and Weaving Mill in Broach; Organised the first Mill-Hands Co-operative Credit Society; Appointed District Honorary Organiser; Made Rao Saheb (1914); Appointed Divisional Honorary Organiser for Gujarat; Made Rao Bahadur (1919); President, Gujarat Divisional Co-operative Institute, Broach (from 1921); Nominated additional member of the Bombay Legislative Council as Co-operative Expert (1924 and 1925); Was awarded title of Dewan Bahadur (1926); Co-opted as a Bombay Member of the Royal Commission on Agriculture (1926); Chairman of the Broach District Land Mortgage Society from 1929 to 1936; Director of the Bombay Provincial Co-operative Bank 1921-26; Has been a Director on the Local Board of the Reserve Bank of India since 1936; Awarded under the Command of His Majesty the Silver Jubilee Medal in 1935 and Coronation Medal in 1937.

Mehta, Chunilal Vijbhukhandas, M.A., LL.B., Sir; K.C.S.I.; b. 1881; Chairman, Standing Committee (1912) and President (1916) of the Bombay Mutual Corporation; Elected to the Bombay Legislative Council by the Corporation (1916) to the City Improvement Trust and to the Bombay Port Trust; Chairman, Indian Merchants' Chamber (1918 and 1931); Director of Tata Iron and Steel Co.; Director of The

Bombay Steam Navigation Co.; Minister, Bombay Government (1921-23); Member of the Executive Council of the Government (1923-28); Chairman, Dehra Dun Forest Research Institute Committee (1939); Chairman, Mandi Hydro-Electric-Committee, Punjab (1930); Chairman Salt Committee (1930); Provincial Scout Commissioner; Minister in charge of Co-operation and Agriculture; Introduced the Bill for the Consolidation of Holdings in the Bombay Legislative Council (1928); Chairman of the Bombay Rural Reconstruction Association; Chairman of the Bombay Provincial Co-operative Bank (1929-38); President of the Bombay Provincial Co-operative Institute (1928-35); Vice-Chairman; Indian Central Cotton Committee.

Mehta, Vaikunth Lalubhai, B.A., b. 1891; Managing Director, Bombay Provincial Co-operative Bank; Hon. Manager, Bombay Central Co-operative Bank, (1912-15); Manager (1915-22); Managing Director (Since 1922); Editor, *Social Service League Quarterly* (since 1915); Editor, *the Bombay Co-operative Quarterly* (since 1917); Member, Executive Committee, Bombay Provincial Co-operative Institute; Co-operative Expert, Bombay Banking Enquiry Committee (1919); Member of the Bombay Government Committee on Supervision, 1933; Collaborated with the Registrar, C. S. in drawing up joint Co-operative Reorganisation Report for the Government of Bombay (1937); Conducted Inquiry into Sind Provincial Co-operative Bank, (1938); Member, Board of Experts for Co-operative Rehabilitation in Bihar (1939); Member, Bombay Textile Labour Inquiry Committee, (1937-40); Published: *The Co-operative Movement, the Co-operative Movement in India, Studies in Co-operative Finance*.

Murdeswar Ganesh Padmanabh, B.A., LL.B., Advocate, Bombay; b. May, 8, 1886; Chairman, Kanara Saraswat Association for 15 years; Chairman, Saraswat Co-operative Housing Society, since its establishment in 1915; Chairman, Bombay Divisional Co-operative Institute, 1928-30; Secretary, Law Committee Bombay Provincial Co-operative Institute since its inception; Member of the Committee appointed to advise Government regarding the Land Mortgage Bank, 1933; Director, Bombay Provincial Co-operative Bank; Chairman, Bank's Law Committee and Land Mortgage Committee, 1932-35; Legal Adviser to several Co-operative Societies including Shamrao Vitthal Co-operative Bank, Provincial Bank, and Provincial Land Mortgage Bank, Bombay; Secretary, Shri Ramakrishna Mission Ashram, Khar and Sadbhakti Prasarak Mandali, Jogeshwari, Bombay; Publications:—Law of Inam, Saranjam and Watan (1914).

Patel, Purushotam Ichcharam; Sonsek, Post Diheh; b. 1877; Organised the Sonsek Co-operative Credit Society (1921); District Honorary Organizer (1915); Organised the Surat Sale Union (1930).

Patil Lingangouda; Dharwar; b. 1870; Watander Patil of Hulkoti District, Dharwar; President, Raddi Co-operative Credit Bank; Organised the Hulkoti Co-operative Guaranteeing Union 1917; Organised Hulkoti Union Co-operative Education Society (1921); Member of the Managing Committee of Seeds, Ginning, Cotton Sale and Housing Societies; Director for some years of the Karnatak Central Co-operative Bank, Dharwar; Awarded title of Rao Saheb (1921); Vice-President, Bombay Karnatak Raddi Educational and Social League since 1907.

Rajandnya Rajaram Narayan; b. 1883; Elected Hon. Secretary of the Bombay Co-operative Institute in 1926; Was awarded 'Kaiser-i-Hind' Silver Medal in 1921 for excellent work in Co-operative Movement; Was appointed Director, Bombay Provincial Co-operative Bank; Director, Bombay Co-operative Land Mortgage Bank; and Satara District Land Mortgage Bank; Member, Divisional Board of Agriculture, Poona; Satara Rural Development Board; and Provincial Council of the Local Self-Government Institute, 1931; Hon. Auditor of Local Self-Government Institute, Bombay, since 1930; Sarpanch, Gram Panchayat, Aitvade Khurd; Silver Jubilee and Coronation Medalist; Was appointed a Special Member of the Bombay Legislative Council as an expert for the purpose of small Land Holding Bill.

Saraiya, R. G.; B.A., B.Sc., b. 1898. Partner Narandas Rajaram & Co; Director, Madhusudan Mill, Hind Cycles, Powell Ltd. etc.; Was non-official Adviser during Indo-Japanese trade negotiations; Fellow, Chemical Society; Fellow, Indian Institute of Bankers; Member, Managing Committee, Indian Merchants' Chamber; J.P.; Director, Bombay Provincial Co-operative Bank since 1932; Chairman, since 1939. Chairman, Bombay Co-operative Banks' Association since 1940; Awarded O.B.E. January 1942.

Shah, Devchand Amarchand, M.A., LL.B., b. 15th July 1892; Awarded Manockji Limji Gold Medal by the Bombay University for a thesis open to post graduates; Joined the Co-operative Movement 1918; Auditor 1918-21; Assistant Registrar, Co-operative Societies, Northern Division, Central Division, Bombay Division, and East Kandesh Division. Officer on special duty with the Bombay Provincial Co-operative Banking Enquiry Committee. Officer on special duty in connection with the joint organisation report. Personal Assistant to the Registrar of Co-operative Societies 1931-40; Deputy Registrar, Co-operative Societies 1940-41; Helped the building up, amongst other things, of Cotton Sale Societies in Gujarat, Co-operation amongst Bhils in the Panch Mahals, implements, machinery and agricultural requisite societies and supervising unions in the Deccan. Publications: *Indian Point of View in Economics*; "Rural Credit" in *Co-operation in India*, edited by Prof. H. L. Kaji; A booklet and pamphlet in Gujarati.

Shrekant Laxmidas, M., B.A., b. 1897; Started an Ashram for Bhil boys at Jhalod; Vice-President, Bhil Seva Mandal, Dohad, since 1924; Chairman, Dohad Branch of the Bombay Provincial Co-operative Bank; Organised the Urban Co-operative Bank, Dohad; Responsible for the development of co-operation in Dohad and Jhalod talukas; Member, All-India Congress Committee since 1930; Elected to the Bombay Legislative Assembly in 1937; Vice-Chairman of the B.B. and C.I. Railway Employees' Union, Dohad; Member of District Local Board and Chairman of District School Board, Panch Mahals.

Talmaki, S. S., B.A., LL.B., Gamdevi, Bombay; b. 1870; Retd. Assistant Registrar, Bombay High Court; Organized the Shamrao Vitthal Co-operative Bank (1906); Its Chairman for several years; Organised the Saraswat Educational Co-operative Society; Was awarded the title of Rao Sahab (1912); Rao Bahadur (1916); Originator of the Co-operative Housing Movement in Bombay; Organised the Co-operative Housing Association (1913); Formed the first Housing Society—the Saraswat Co-operative Housing Society (1915); Honorary Secretary, Provincial Co-operative Institute Bombay from the start in 1918 till he retired in 1933;

Y.B.—17

Director, Bombay Provincial Co-operative Insurance Society 1930-32; Published pamphlets on Co-operative subjects; Author of "Co-operation in India and Abroad."

Thakkar, Amritlal Vithaldas, L.C.E., b. 1869; Worked in the Civil Engineering Department for 23 years; Founder and President of the Bhil Seva Mandal, Dohad; Member, Aborigines and Backward Classes, Inquiry Committee (1928); Associated with Co-operative credit work among the depressed classes and the aboriginal Tribes, since (1915); Organised several societies of Harijans in Bombay and Gujarat Towns and for Bhils; Chairman, Advisory Board of Dohad Branch of the Bombay Provincial Co-operative Bank; Member and Vice-President, Servants of India Society; Hon. General Secretary, All-India Harijan Sevak Sangh.

Valvekar, K. R., Hubli, Dharwar; b. 1861; Member, some time, Chairman Managing Committee and President of Hubli Municipality for 33 years; Member, Hubli Taluk Board for 27 years; For some time President and Member of the District Local Board Dharwar; Chairman of the Board of Directors of the Joint Stock Co., and of the Hubli Ginning Factory for 20 years; Census Superintendent, 1901-11 and 1921; Associated from 1906 as Organiser and Chairman of the Hubli Urban Co-operative Bank; Chairman of the Hubli Co-operative Union; Director of the Karnatak Central Bank; Member Executive Committee and of the Provincial Co-operative Council of the Provincial Co-operative Institute, Bombay; Received Coronation Certificate (1911); Was awarded the title of Rao Saheb (1919) and of Rao Bahadur (1925).

CENTRAL PROVINCES AND BERAR

CENTRAL PROVINCES

Ballal, Y.N., B.A., LL.B., Nagpur; b. 1898; Member, Working Committee of the Nagpur Central Bank; Hon. Secretary for some years; Director, The Co-op. Land Mortgage Bank, Nagpur; Keenly interested in rural problems.

Bhargava, P. L., B.A., (Cantab), Bar-at-Law; Seoni; Has been either the Honorary Secretary or the President of the Seoni Co-op. Bank for about two decades; Honorary Secretary, The Seoni Land Mortgage Bank; Life Secretary, Child Welfare and Maternity Association; An enthusiastic agriculturist owning a private demonstration farm and Rural Uplift Centre in one of his villages.

Bhonsule, G. A., B.Com., b. 1890; Joined the service of C.P. and Berar Provincial Co-op. Bank, as Manager on 12-12-1918; Takes active interest in hand-loom industry; Connected with the Nagpur, Premier Co-op. Housing Society, since its inception as its Secretary and as Chairman since 1934.

Bisen, Udai Singh; B.A., LL.B., Rai Saheb; Bilaspur; Honorary Secretary, Bilaspur Central Co-operative Bank since 1928-29 which celebrated its Silver Jubilee in 1940; Governor, C.P. and Berar Co-operative Federation; Has also a seat on the Directorate and Managing Committee of the Provincial Co-operative Bank; Member, Standing Committee of the All-India Co-operative

Institutes' Association; President, Land Mortgage Bank, Bilaspur since its inception; Senior Vice-President, the Chhattisgarh Division Co-operative Institute.

Deshpande, M.G., K.B.E., Sir., b. 21-9-1874; Hon. Secretary, The New English High School for the last 32 years. Malguzar of several villages and an ardent agriculturist; First Class Honorary Magistrate and a member of the Municipality and the District Council for several years. Connected with the local business concerns such as Nagpur Electric Light and Power Co., Nagpur Glass Works etc. A prominent member of the pre-reform and post-reform Legislative Councils. Member, C.P. Banking Enquiry Committee; Member, Indian Central Cotton Committee since 1927, and East India Cotton Association; Occupies a very unique position in the field of Co-operation; Founder, The Nagpur Co-operative Institute; Member, All-India Provincial Co-operative Banks' Association; Chairman, C.P. and Berar Provincial Co-operative Bank, for over two decades.

Deshpande, S. D., Rao Saheb; Warora; Descendant of the oldest historical family of this Province which, during the Bhonsla reign, organised the system of maintaining village records and collection of land Revenue. For these services his family was granted "Mauji Jahagir" in perpetuity. Associated with all the social and political activities in his Tahsil; As a member of the Legislative Council, he had a hand in the establishment of the Nagpur University; One of the pioneers who started the Co-operative Central Bank in Warora and has been its Director and President for a number of years. He has all along represented his Bank on the Provincial Co-operative Bank.

Deshpande, W. V., B.A., B.Com., Bar-at-Law; Nagpur; Hony. Secretary, Co-op. Land Mortgage Bank, Nagpur.

Deshmukh, R. P., B.A., LL.B., Drug; b. 1878; Pioneer of the Co-operative Movement in Drug District; Secretary, The Drug. Dt. Co-operative Bank for four years and President, for the last 15 years.

Dhagat, P. S., Pt., M.A., LL.B., Visharad, Damoh; b. 19-6-1898; Secretary, The Co-operative Central Bank, Damoh, since 1925; Prominent member of the Central Board, Northern Co-operative Institute; Member, Managing Committee, Provincial Co-operative Bank, for several terms and Director since many years; An ardent Congressman.

Ghatpande, A. K., Pt., B.A., LL.B., Chhindwara; b. 1892, Honorary Secretary of the Co-op. Bank, Chhindwara since 1925. President, Nerbudda Division Co-op. Institute for a term or two. President, House Building Society, Chhindwara; Member, C.P. Federation Executive Council, and the sub-committee appointed to overhaul the Co-operative Societies Act; Member, Managing Committee of the Provincial Bank for many years and its Director all along.

Gupta, P. L., b. 1891; Manager, Co-operative Central Bank, Bilaspur since its start in 1915. His services have been appreciated by officials and non-officials; Awarded Silver Jubilee Gold Medal by the Bank in 1940.

Kaluram Sadh, Pt., President, Nimar Dt. Bank, Khandwa; Retired Jailor; Enthusiastic Co-operator of the Nimar District. Secretary of the Co-operative Bank for a long time and now its President since eight years.

Kamavisdar, K. G., b. 1898; Manager, Co-operative Central Bank, Nagpur; since 1925; Asst. Secretary, the Nagpur Divisional Co-op. Institute; Hony. Manager, Nagpur Land Mortgage Bank.

Kekre, N. R., B.A., LL.B., Malguzar, Harda. Joined the Co-operative Movement in 1917. Joint Hony. Secretary, Harda Central Bank for three years and Hony. Secretary since 1920-21. Has been all along representing the Central Bank in the Directorate of the Provincial Bank and was also on its Managing Committee for two years; Member, Central Board of the Nerbudda Division Co-operative Institute 1931-1935; Hony. Secretary, the Local Supervision and Education Committee.

Kocher, M. L., B.A., LL.B., Narasinghpur; Founder Member, Honorary Secretary and President of Narsinghpur Co-op. Bank, for several years. President, Jubbulpore Co-op. Institute for a long time; With a few breaks, he has been on the Provincial Bank's Managing Committee; Representative for All-India Co-op. Conferences at Simla and Hyderabad; Founder of Narsinghpur Grain Dealers' and Land Lords' Co-op. Societies. Member, Working Committee, Land Mortgage Bank.

Lakhe, W. B., Pt., B.A., Raipur; b. 1872; Malguzar and eminent lawyer. President, Raipur Municipal Committee for two terms; Secretary to start with and now President of the Raipur Co-op. Bank since its inception in 1913; Founder and President, Chhattisgarh Co-op. Institute; Member, Executive Council of the C.P. and Berar Co-op. Federation; Prominent member of the Provincial Co-op. Bank's Managing Committee continuously for 25 years. A staunch Congressman.

Landge, D. G., B.A., LL.B., L.T., Cert. A.I.I.B., b. 1892; Entered Co-operative Service as Secretary of the C.P. Federation in 1920; Inspector in Provincial Co-operative Bank. 1922; Working as Asst. Manager since 1928; Awarded gold medal by the Provincial Bank at its Jubilee in 1937.

Mitra, Sushil Chandra; B.A., B.L., Rai Saheb, Bilaspur; Elected as Joint Secretary of the Bilaspur Central Co-operative Bank, 1920-21; Vice-President, 1925-26; President since 1928-29; Vice-President, the Bilaspur Land Mortgage Bank; Director, the C.P. and Berar Provincial Co-operative Bank, Nagpur and of the Bilaspur Co-operative Dairy; Honorary Secretary, the Dispensary Fund Committee, Bilaspur; Honorary Treasurer, Indian Red Cross District Committee, Bilaspur.

Mukhtyar, C. C., M.A., b. 11-8-1903; Appointed Asst. Registrar, 1929; Asst. Registrar of Co-operative Societies at Hoshangabad, 1930-37; Asst. Registrar in charge of Land Mortgage Banks, 1937-40; At present Asst. Registrar in charge of Rehabilitation Enquiries.

Munje, R. B. H. S., M.A., LL.B., b. 1878; Joined the Provincial Judicial Service, 1903, and retired from service as a District and Sessions Judge; Director and Member, Managing Committee and Legal Adviser of the Provincial Co-operative Bank for seven years; Director and Member, Managing Committee, Nagpur Central Bank for three years; Member the Regional Transport Authority, Nagpur; Registrar of Marriages, Nagpur District; Member, Advisory Committee, Court of Wards—Senior Bhonsale Estate, Nagpur; Director, and Member Managing Committee, C.P. Potteries, Nagpur; Managing Director and Chairman, Association Chemicals, Ltd., Nagpur.

Pande, K. P., Pt., M.A., LL.B., Sihora; Governor, C. P. and Berar Co-op. Federation for about 15 years; Member, The Provincial Bank's Managing Committee for several terms; A prominent member of the Provincial Legislature since 1922.

Phanse, K. V., Pt., Sihora; b. 9-4-1891; Secretary, the Sihora Co-operative Central Bank and now its Vice-President; Director, The Provincial Co-operative Bank.

Puranik, W. R., B.A., LL.B., Nagpur; b. 1886; Associated with various public activities in the field of Co-operation. President, Central Co-op. Bank, Nagpur and Land Mortgage Bank, Nagpur. Acted as a High Court Judge in 1937 and again in 1939-40.

Rege, D. V., B.A., (Cantab.), I.C.S., b. 18-9-1897; Responsible for founding Lady Butler Hospital for women and children, Khandwa and the Jubilee Memorial Hospital for women and children, Khamgaon in 1937; Appointed as Registrar, Co-operative Societies and Director of Industries, in April 1939 and is also Secretary, the Village Uplift Board C.P. and Berar.

Sapre, G. B., B.A., Manager Raipur Central Bank since 1919; President, Raipur Co-operative Consumers' Society; Secretary, Raipur Co-operative Dairy Society; Hony. Manager, The Land Mortgage Bank and the Chattisgarh Co-operative Institute.

Seth Motilal, R. B., b. 1865; Close associate of Mr. H. R. Crosthwaite. Founder of the first Co-operative Society, viz., Deo-Piparia in the Province, 1905; With the break of a very small duration he has been the President of the Piparia Co-operative Bank; Member, The Notified Area Committee and the Debt Conciliation Board; Awarded Rai Bahadur, 1935; Has been all along, with the exception of a year or two, a Director of the Provincial Co-op. Bank.

Tiwari, P. S., Pt., B.A., LL.B., Sohagpur; President, The Co-op. Central Bank, Piparia, 1921-25; President, The Jubbulpore and Nerbudda Division Co-operative Institute for three years since 1927 and thereafter its Secretary for another two years. Member, Executive Council, C. P. Federation for nearly 12 years, with intermittent breaks; Member of the Federation sub-committee appointed in 1925 and of the Land Mortgage Banks' Enquiry Committee; Presided over various co-operative conferences in the northern districts of the province.

BERAR

Abhyankar, L. R., B.A., LL.B., Yeotmal; b. 1883; Honorary Secretary, Yeotmal Municipal Committee, 1907-1909; President, 1924; Director, Yeotmal Central Bank, 1916-1940; President, Yeotmal Land Mortgage Bank from its inception; Represented the Yeotmal Central Bank on the C. P. and Berar Provincial Co-operative Bank, the C. P. and Berar Co-operative Federation as also on the standing committee of the Berar Co-operative Institute.

Bhokre, L. B., Director, Co-operative Bank, Ellichpur 1932; Vice-President for 3 years and President for 4 years; Deputy President, Berar Co-operative Institute for 3 years; Director, the Provincial Co-operative Bank, Nagpur; Member, the committee of management, Ellichpur Central Bank.

Brahma, K. V., Dewan Bahadur; b. 1878; Member, Amraoti Central Bank, 1913; Secretary C. P. Legislative Council, 1921-23; President, Berar Co-operative Institute since 1922. Member of the Committee appointed to report on the starting of Land Mortgage Banks in C. P. and Berar. Represented Central Provinces at all the Registrars' Conferences held in India. Chairman, Reception Committee, All-India Co-operative Conference held at Amraoti in 1934, Vice-President, All-India Co-operative Institutes' Association; Member, C. P. Banking Enquiry Committee, 1928-30. Appointed Chairman, Council of Administration, Sangli State; Author of the publication, "Law of Co-operative Societies in India and Burma."

Deshmukh, R. V., Mehkar; b. 1889. Member, Local Board, Mehkar; District Council, Buldana for 16 years; President, Mehkar Municipal Committee; Director, Vidarbha Mills, Ellichpur; Director and member of the working committee, Mehkar Central Bank from the very beginning; Hony. Secretary, 1925-29; Vice-Chairman for the last 5 years; Director, Provincial Bank, Nagpur; Member, Standing Committee, Berar Co-operative Institute and later its Secretary; Member, Working Committee, Taluk Agricultural Association; Secretary, Mehkar Land Holders' Co-operative Association since its inception; Vice-Chairman, Co-operative Land Mortgage Bank, Mehkar since its establishment.

Deshpande, A. Y., Dr. Director, The Ellichpur Central Bank since 1926; Vice-Chairman for about 3 years.

Deshpande, N. B., B.A., LL.B., Yeotmal; b. 1888; Director, Yeotmal Central Bank, 1917; Hony. Secretary of the Bank for over 10 years; Vice-Chairman and for some time Chairman, The Yeotmal Taluk Board.

Deshpande, Y. K., M.A., LL.B., Yeotmal; b. 1884; Hony. Secretary, Yeotmal Central Bank, 1913-1918. Represented India at the International History Congress held at Zurich in Switzerland, and also at the International Orientalists Congress held at Brussels in Belgium, 1938. Editor of several ancient Marathi Works. Member, Indian Historical Records Commission, since 1928.

Dixit, G. S., B.A., B.L., Mehkar; b. 1882; Vice-Chairman, Local Board, 1910-1925; Chairman, Mehkar Taluk Agricultural Association; and Local Supervision Committee; Legal Adviser of the local Land Mortgage Bank; Hony. Secretary, Mehkar Co-operative Central Bank, 1914-1926; Vice-Chairman, 1926-1932; and Chairman since 1932; Has represented the Bank in the Federation, the Provincial Bank, and in the Provincial and All India Co-operative Conferences.

Godbole, G. N., Pleader, Ellichpur; Joint Secretary, Ellichpur Central Bank, 1918-1923; President, 1923-1934.

Hazari, G. C., B.A., LL.B.: Honorary Secretary, Central Bank, Ellichpur since 1937; Member, Ellichpur Municipal Committee and Taluk Board.

Jatkar, B. H., B.A., LL.B., Yeotmal: b. 1880. First elected Chairman, Yeotmal Municipal Committee, 1919-1925; Member, Indian Legislative Assembly, 1921-1924. Director, Co-operative Central Bank, Yeotmal, 1919; President, 1925-1932 and again from 1933-35. Deputy President, Berar Co-operative Institute, 1929-1932; Member, C. P. and Berar Legislative Assembly, 1937; Represents the C. P. and Berar Provincial Co-operative Bank, Nagpur, on the Co-operative Land Mortgage Bank, Yeotmal and on the Committee of management of the Yeotmal Central Bank; Legal Adviser, Land Mortgage Bank, Yeotmal.

Joglekar, M. G., Pleader, Yeotmal: b. 1885. Director, Yeotmal Central Bank, 1926-1940; Secretary, 1929-1934. Represented the Bank on the Directorate of the C. P. and Berar Provincial Co-operative Bank, Nagpur as also on the C. P. and Berar Co-operative Federation.

Kane, D. K., Izardar, Yeotmal: b. 1879. Member, C. P. Legislative Council for 3 years; Member, Indian Central Cotton Committee; Hony. Secretary, Yeotmal District Association for many years. Director, Yeotmal Central Bank, 1922; Member, Committee of Management since 1923. Managing Director, The Co-operative Adat Shop since its organisation in 1928; Hony. Secretary, Co-operative Bank, Darwar since 1930. Represented the Yeotmal Central Bank on the standing committee as also the Board of the Berar Co-operative Institute for many years and the Darwar Central Bank on the Directorate of the C. P. and Berar Provincial Co-operative Bank, Nagpur and the C. P. and Berar Co-operative Federation.

Kane, S. K., Dr., b. 1887; The first elected President, Yeotmal District Council, 1919-1925; Vice-President, Municipal Committee, Yeotmal for over 12 years. Director, Yeotmal Central Bank, 1917-1940 with a gap of about 5 years.

Khare, R. M., B.A., LL.B., O.B.E., Rao Bahadur, Amraoti; b. 1862; Director, Amraoti Central Bank, 1913; Hony. Secretary, 1916; Chairman, 1921-1933 and since 1940. Deputy President, Berar Co-operative Institute from its very inception; Chairman of the Local Board for 15 years; President, Amraoti Camp Municipality and Vice-President of the Town Committee; Member, Managing Committee of the Provincial Bank and the Board of Directors for a number of years continuously.

Kolhe, M. P., B.A., LL.B., Banker and Land Lord, Zadgaon, (Yeotmal): b. 1893. Director, Yeotmal Central Bank, 1920; Chairman since 1931. Represents the

Yeotmal Central Bank on the C. P. and Berar Co-operative Federation and on the Directorate of the C. P. and Berar Provincial Co-operative Bank, Nagpur; Vice-President, Yeotmal Co-operative Land Mortgage Bank since 1935. Deputy President, Berar Co-operative Institute, Amraoti; Nominated Member of the Gole Committee; Member, C. P. Legislature since 1923. Member, Indian Central Cotton Committee, for a number of years; Chairman, District Council, Yeotmal 1928-1930.

Kulkarni, G. L., Morsi: b. 1898. Chairman, Central Bank, Morsi. Secretary, Hivarkhed Co-operative Society. Secretary, C. P. and Berar Conference held at Morsi, 1927. Member, Morsi Local Board and Amraoti District Council for several years. Represents the Morsi Central Bank on the Board of Directors of the C. P. and Berar Provincial Co-operative Bank, Nagpur for the last 3 years.

Pangarkar, G. K., Advocate, Ellichpur: Hony. Secretary, The Co-operative Central Bank, Ellichpur, 1932 and also a member of the Board of Directors. One of the organisers of the Urban Co-operative Bank at Ellichpur and is its Chairman. Director, Peoples' Bank, Ellichpur and Vidarbha Mills, Berar.

Pangarkar, K. N., Rao Saheb; Pleader, Ellichpur: First President, Central Bank, Ellichpur, 1917-1922; Hony. Treasurer for a number of years.

Patil, U. S., Rao Bahadur: Founder, The Village Panchayat Board, Berar; Member, C. P. Legislative Council for more than ten years; C.P. Board of Agriculture and Industry; District Motor Transportation Committee; Provincial Co-operative Bank, Nagpur and Land Mortgage Bank, Amraoti; Member, Amraoti District Council for many years and its Chairman, 1936-1939; President, The Joint Board, Berar. Director, The Central Bank for the last 15 years and now Chairman.

Pingle, T. R., B.A., LL.B., b. 1884; Chairman, Morsi Central Bank, 1919-1935; Chairman, Reception Committee, Amraoti District Co-operative Conference, 1924; General Secretary, C. P. and Berar Political Conference held at Morsi, 1927; Was on the Co-operative Deputation sent to Bombay Presidency for studying the working of the Cotton Sale Societies, 1926; Deputed by the C. P. Government to study the working of Land Mortgage Banks in the Punjab, 1931.

Ranadive, S. D., B.A., LL.B., Rao Saheb, Amraoti; Hony. Secretary, Amraoti Central Bank for several years: Berar Co-operative Institute for the last 12 years; Amraoti City Library; President, Municipal Employees' Association and Scheduled Castes Amalgamated Hostel, Amraoti.

Saoji, Motiram Ramsa, B.A., LL.B., Mehkar; b. 1897; Member, Buldana District Council, 1925-1928; Hony. Secretary, Mehkar Co-operative Central Bank since 1929; Represented the Mehkar Bank on the Directorate of the Provincial Bank since 1932.

Saoji, S. T., Samaj Bhushan, Rao Saheb; Mehkar; b. 1886; Chairman, Mehkar Central Bank, 1926-32; Director, since its establishment.

Saydekar, B. R., B.A., LL.B., b. 1893; Hony. Secretary, Co-operative Central Bank, Buldana since 1933; Chief Organiser and Hony. Secretary, The Co-

operative Stores, Buldana; Member, Municipal Committee, Buldana for 18 years, Member, standing committee, Berar Co-operative Institute and also Director, Provincial Co-operative Bank, Nagpur.

Soman, V. K., Mehkar: b. 1885. Chairman, Mehkar Co-operative Land Mortgage Bank since its establishment; Member, Mehkar Taluq Agricultural Association; and Mehkar Municipal Committee for a number of years; Vice-Chairman, Berar Co-operative Institute.

MADRAS

Annadurai Iyer, S., Nangavaram, Trichinopoly District; b. 1895; Secretary, Co-operative Credit Society, Nangavaram since 1921; Kulitalai Co-operative Land Mortgage Bank since 1927; Kulitalai Co-operative Bank 1924-1940; Director, Trichinopoly District Co-operative Credit Bank since 1928; Member, Executive Committee, Madras Co-operative Central Land Mortgage Bank, 1928-1932; President, Co-operative Consolidation of Holdings Society, Nangavaram from 1939; Assistant Secretary, Trichinopoly Urban Co-operative Stores from 1939; Member, The Trichinopoly District Board, 1928-1934; President, Kulitalai Taluk Board 1928-1932; President, Panchayat Board from 1934 to date; Vice-President, Trichinopoly Circle Temple Committee 1931-1939.

Bhashyam Ayyangar, K., B.A., B.L., b. 1882; Secretary, Madras Provincial Co-operative Union; Director, South India Co-operative Insurance Society; Member, Madras Committee on Co-operation 1939-40; Member, Madras Legislative Assembly; Member, Syndicate, Madras University; Vice-President, The Madras Provincial Co-operative Bank, for some time; Leader of the Congress Party in Madras Corporation, 1937-38; Member, Madras Bar Council; Author of the "Law of Negotiable Instruments in British India".

Bheemaiah Setty, D. Rao Sahib; Merchant, Hindupur; b. 1st Feb., 1901; President, Hindupur Co-operative Town Bank; Member, District Central Co-operative Bank, Anantapur; Assistant Secretary, Secretary, and Director, Town Bank for about 12 years; Vice-Chairman for 4 years; Chairman for 3 years and Councillor, Hindupur Municipality for 10 years; Member, Taluk Board, Penukonda Division for 4 years; District Board, Anantapur for 4 years; Director, Vysya Bank, Bangalore; Director, The South India Co-operative Insurance Society, Madras; Member, Debt Conciliation Board, Penukonda.

Chinnaiya Pillai, T. M., M.A., B.L., Rao Sahib; Salem b. 15th April 1895; President, Salem Dt. Urban Bank; President, Salem Land Mortgage Bank; President, Salem Loan and Sale Society; President, Salem Milk Supply Union; Vice-President, Madras Provincial Co-operative Union; Member, Executive Committee, Madras Provincial Co-operative Bank; Director and Legal Adviser, Salem Urban Co-operative Society; Member, Executive Committee, The Co-operative Fire and General Insurance Society, Madras; Public Prosecutor, Salem from 1937; Chairman, Salem Municipal Council 1932-35.

Y.B.—18

Dasaratharama Reddy, Rebala, B.A., (Hons.), LL.B., Nellore, b. 30th November 1907; Member, Board of Management, The Nellore District Co-operative Bank since 1933; President, District Co-operative Bank, Nellore; Member, Executive Committee, Madras Provincial Co-operative Bank since 1938; Executive Committee, The Nellore District Co-operative Marketing Federation; District Board, Nellore, since 1939; Andhra University Senate since 1940.

Deivasikhamani, K., Dewan Bahadur; b. 1881; Retired Registrar of Co-operative Societies; President, Co-operative Central Bank, Conjeevaram for several years; Member, Madras Legislative Council for some time; Director and Member, Executive Committee, The Madras Central Co-operative Land Mortgage Bank; Director, The Madras Provincial Co-operative Bank for some time; Member, Board of Experts appointed by the Congress Government, Bihar in connection with rehabilitation of Co-operative Movement; Deputed by the Provincial Government, Orissa, to conduct an enquiry into the working of the movement and reported in 1938; Member, Madras Committee on Co-operation 1939-40.

Ganapati Aiyar, E. S., B.A., B.L., Erode, b. 15th Oct. 188⁸; President, Erode Co-operative Urban Bank for six years; Coimbatore District Co-operative Audit Union for three terms; Director, the Coimbatore District Urban Bank; Ex-President of the Erode Co-operative Stores; Erode Co-operative Loan and Sale Society; Member, Board of Management, the Madras Provincial Co-operative Union; Member, Madras Central Land Mortgage Bank; President, The Erode Co-operative House Mortgage Bank; Municipal Councillor for three terms; Chairman-Delegate for some time; Member, Taluk Board, Erode; Coimbatore District Educational Council; Debt Conciliation Board, Erode.

Gangadhara Sastry, L., Land-lord, Hindupur, Anantapur District; b. June 1884; Honorary Magistrate, Hindupur; Member and Vice-Chairman Hindupur Municipal Council; Honorary Assistant Registrar of Co-operative Societies, Hindupur; Hony. Secretary, Hindupur Rural Co-operative Credit Society; Town Co-operative Bank; Co-operative Loan and Sale Society; Local Supervising Union; Anantapur District Co-operative Federation; Co-operative Central Bank; Vice-President, and President, Anantapur District Co-operative Central Bank; President, Hindupur Co-operative Town Bank; Co-opted Director, Hindupur Labour Co-operative Union; Member, Board of Management. The Madras Provincial Co-operative Union; Standing Committee, All-India Co-operative Institutes' Association.

Gangaraju, Mothey; Dewan Bahadur; Zamindar of Vissannapeta, Gundapalli Estates, Ellore; b. 1874; President, Co-operative Central Bank, West Godavari District, Ellore, from the starting of the Bank for more than 20 years; Member, Pre-reform Legislative Council, Madras.

Giriappa, M., Rao Bahadur., b. December 1885; Retired as Joint Registrar of Co-operative Societies and joined immediately the movement as a non-official co-operator; President, Madras District Co-operative Central Bank; Director and Member, Executive Committee, The Madras Provincial Co-operative Bank; Member, Madras Committee on Co-operation, 1939-40; Visited Japan to study the movement in 1940.

Gopal Menon, C., Rao Bahadur; b. 1877; Hony. Treasurer and Director, Madras Co-operative Central Land Mortgage Bank, Madras; Vice-President, Madras Provincial Co-operative Bank; Director, Madras Provincial Co-operative Union; Director, South India Co-operative Insurance Society, for some time; Member, Board of Management, The Co-operative Fire and General Insurance Society, Madras; Elected to the 2nd and 3rd Legislative Councils by the Southern India Chamber of Commerce; Vice-President, Southern India Chamber of Commerce; Honorary Magistrate for some time in the City of Madras; Trustee, Madras Port Trust; Director, United India Life Insurance Company for several years and Director, Indian Bank; Member, Local Board, The Reserve Bank of India; Was for a long time, Member of the Senate and Academic Council of the University of Madras; was also President of the Faculty of Commerce; At present Chairman, Text-Book Committee (Commerce Group) and Chairman, Board of Examiners for Government Technical Examinations in Commerce; Travelled in Europe and studied the working of Co-operative Institutions 1922.

Gurumurthi, P., Dr., Medical Practitioner, Rajahmundry; b. 28th June 1884; President, Rajahmundry Co-operative Central Bank; The Innespeta Co-operative Urban Bank; The Local Co-operative Union; Co-operative Crop Loan and Sale Society; Co-operative House Building Society; The Ramadas Co-operative Training Institute; Sri Krishna Co-operative Stores; Co-operative Land Mortgage Bank; East Godavari District Co-operative Federation; and Andhra Co-operative Union, Rajahmundry; Director, Rajahmundry Co-operative Milk Supply Society; Director, The South India Co-operative Insurance Society, Madras; Vice-President, Madras Provincial Co-operative Union; Director and Member, Executive Committee, The Madras Provincial Co-operative Bank, Madras; Member, Standing Committee, All-India Co-operative Institutes' Association; Member, Standing Committee, Indian Provincial Co-operative Banks' Association; Chairman and Member, Municipal Council, Rajahmundry for some time; Member, District Harijan Advisory Board; President, East Godavari District Harijan Sevak Sangh; President, Andhra College of Commerce, Rajahmundry; Member, Madras Medical Council; Member, Executive Committee and Vice-President, Andhra Branch of Indian Medical Association.

Kalidas, K., Advocate, Vizagapatam; b. 24th Nov. 1901; Director, Co-operative Central Bank; Vizianagaram from November 1929; President since 1936 (excluding the period of supercession from 7-9-36 to 6-10-37); Director, Madras Provincial Co-operative Bank.

Krishnaiah Choudary, P. V., Guntur; b. 1901; Hony. Assistant, Registrar of Co-operative Societies, 1920; Director, Guntur Central Bank; Madras Central Land Mortgage Bank; Madras Provincial Co-operative Bank; Member, Madras Legislative Council (before 1937); President, District Educational Council; Member, Andhra University Syndicate for two terms; President, District and Taluk Boards for some time.

Krishnamurthi, M., Dr., M.B.B.S., B.Sc., M.S., b. 14-8-1903; Director, South India Co-operative Insurance Society.

Krishna Sastri, P. V., Bazwada; b. 10th May 1893; Honorary Secretary, The Vizianagaram Co-operative Central Bank, Bezwada; Vice-President since 1939; Repre-

sentative on the Board of Management, Madras Provincial Co-operative Bank, 1929-35.

Krishnaswami Ayyangar, R., B.A., B.L., b. 23rd Nov. 1886; Assistant Secretary, Secretary and President, South Arcot Co-operative Central Bank for some time; Chairman, Special Committee for two years and now a member; Formerly, Vice-President, Loan and Sale Society, South Arcot; Director, Pudukalayan Co-operative Stores for 28 years and President for the past 8 years; Director, Pudukalayan Urban Bank and Director Audit Union for some time; Co-operative Propagandist for South Arcot for some years; Chairman of the Rural Reconstruction Centre, Tirupachanur for two years; One of the members of the Committee of nine persons appointed by the Government for drafting the Co-operative Societies Act (Bill) VI of 1932; Member, Board of Management of the Madras Central Urban Bank for some years; The Board of Management, Provincial Co-operative Union for some years; Assistant Secretary and President, Bar Association for some years; President, South Arcot District Journalists' Association; Government Pleader for 3 years and Ag. Public Prosecutor for 4 months during 1927 and 1930.

Kumaraswami Raju, P. S., M.L.A., b. June 1898; President Ramnad District Board; Director, The Madras Co-operative Central Land Mortgage Bank; President, The South India Co-operative Insurance Society; President, Madura Ramnad Co-operative Wholesale Stores; Member, Executive Committee of the Madras Provincial Co-operative Union; Member, All-India Congress Committee; Member, Working Committee of the Tamil Nadu Congress Committee; Estate Land Act Enquiry Committee; Board of Industries; President, The Pudukalayan Co-operative Society; Secretary, Srivilliputhur Co-operative Supervising Union; Vice-President and President Srivilliputhur Banking Union; President, The Bhupathi Raju Co-operative Bank, Rajapalayam from 1924; Director, Srivilliputhur Taluk Land Mortgage Bank; Director, The Madras Provincial Co-operative Union; Member of the District Education Council from 1938; Its Vice-President till May 1936.

Lokanathan, P. S., M.A., D.Sc., (Econ.) London; b. October 1894; Director and Vice-President, Triplicane Urban Co-operative Society; Ag. Professor of Economics, University of Madras; Member of the Senate, Academic Council and Boards of Studies in Economics and Commerce, The University of Madras; Member, Board of Studies in Economics, Annamalai, Andhra and Travancore Universities; Member, Editorial Board, The Indian Journal of Economics; Executive Committee of the Indian Economic Association; Member, The Consultative Committee of the Government of India for Post War Reconstruction; Address:—'Bhargava,' Edward Elliotts Road, Mylapore, Madras.

Manikka Mudaliyar; Vellore; b. 26th March 1888; Honorary Secretary, Government Telegraph Employees' Co-operative Society, Madras 1924-1927 and since 1932; Director, Christian Central Co-operative Bank, Madras, 1925-1930; Director, The Madras District Co-operative Central Bank, since 1930; President, Central Co-operative Printing Works 1932-1934; President, Pedunaickenpet Co-operative Society, 1931-35; Hony. Arbitrator, Co-operative Societies, Madras, since 1932.

Marthandam Pillai, P.N., B.A., B.L., Rao Bahadur; b. 5-3-1885; President, Egmore Co-operative Society; Was President, Triplicane Urban Co-operative

Society for some years; Represented Tinnevely Rural in the Madras Legislative Council, 1923-26.

Murthy, B. S., B.A., B.Ed., M.L.A., b. 29th Oct. 1906; Senate Member, Andhra and Madras Universities; Ex-Parliamentary Secretary to the Minister in charge of Co-operation; Member, Co-operative Enquiry Committee 1940; Author and Journalist; Editor 'Navajeevana' a Telugu monthly; Secretary, Madras City Harijan Sevak Sangh; Joint Secretary, Andhra Harijan Sevak Sangh; President, Madras Basic School.

Nallakutalam Pillai, R.G., Pleader, Srivilliputtur; b. 1889; Member, Srivilliputtur Urban Bank; and Member, Executive Committee, Srivilliputtur Banking Union 1920-24; Director 1920-32; Secretary, Srivilliputtur Weavers' Society, 1919-26; Hony. Asst. Registrar for about 10 years since 1920; President, Trading Union 1922-35; President, Srivilliputtur Supervising Union 1928-35; Secretary, Ramnad District Federation 1929-30; Member, Governing Body, Tamil Nadu Co-operative Federation; Member, Ramnad District Educational Council for 9 years; Municipal Council, Srivilliputtur for 9 years; its Chairman 1925-28. Editor, 'Country Herald' since 1939.

Narasimha Rao, K.L., B.A., B.L., b. 1903; Member, Standing Committee, All-India Co-operative Institutes' Association; Executive Committee, The Madras Co-operative Central Land Mortgage Bank; Board of Management of the Madras Provincial Co-operative Bank; Ex-Member, Executive Committee and Treasurer of the Madras Provincial Co-operative Union.

Narasimha Rao, S. V., B.A., Rao Bahadur; Pleader, Kurnool; b. 21st October 1873; President and Director Kurnool Urban Credit Bank; President, Kurnool District Central Bank; Ex-member Board of Management, Provincial Co-operative Bank, Madras; Chairman, Kurnool Municipality; Vice-President, Kurnool District Board; President, District Educational Council; Member, Andhra University Senate.

Narayanaswami Iyer, O.A., B.A., B.L., b. 31st January 1898; Member, Board of Management, The Madras Provincial Co-operative Bank; Director, South India Co-operative Insurance Society; and the Fire and General Insurance Society, Madras; Director, Tanjore Co-operative Central Bank; Secretary, Hood Co-operative Institute; President, Tanjore Loan and Sale Society; Author of dramas, books and pamphlets on co-operation in Tamil.

Narayanaswamy Naidu, B. V., M.A., B.Com., Ph.D., Bar-at-Law; b. 11th March 1902; President, Chidambaram Paddy Sale Society; Director, Land Mortgage Bank, Chidambaram; President, Co-operative Poultry Society, Annamalainagar; Director, Chidambaram Milk Supply Society; Vice-President, Annamalai University Students' Co-operative Stores; Member, Debt Conciliation Board, Chidambaram; Member, Advisory Board, South Arcot Urban Bank; Director, Chidambaram Co-operative Stores; Member, Senate, Academic Council and Syndicate, Annamalai University; General Secretary, All-India Economic Association; President, Adult Education Association; Member, Rural Finance Sub-Committee of All-India Planning Committee; Member, Consultative Committee of Economists to the Government of India.

Narayana Rao, M., B.A., B.L., M.L.C., Anantapur, b. Aug. 1884. Secretary, Divisional Co-operative Union, Penukonda, 1908-13; Secy., Town Bank, Penukonda 1912-1920; Director, Anantapur District Co-operative Central Bank 1919-1941; President of the District Central Bank 1924-1927 and 1935-1938; President, Land Mortgage Bank, Hindupur since 1939; Member, District Board, Anantapur 1917-20; Member, Municipal Council, Anantapur 1920-27; Congress Member, Madras Legislative Council; One of the promoters and Directors, The Rayalaseema Bank, started at Bellary in 1939.

Paramasivam Pillai, L. N., Rao Sahib; Mirasdar, Lalgudi; b. July 1893; Director, Trichinopoly District Co-operative Central Bank, from 1927; Vice-President from 1930 and President from 1940; President, The Trichinopoly District Co-operative Federation; Member, Executive Committee, The Tanjore Marketing Federation; Member, Board of Management, The Fire and General Insurance Society; Director, The Madras Provincial Co-operative Bank; Founder of the Kuhur Co-operative Society started in 1919; Director, Lalgudi Sivagnanam Co-operative Agricultural Society since 1925; President 1932-33; President from 1933, President, The Kuhur Land Reclamation Co-operative Society, since its inception in 1928; Secretary, The Lalgudi Co-operative Union 1926-35; Vice-President from 1937; Secretary, The Lalgudi Land Mortgage Bank from 1930; President, The Lalgudi Co-operative Stores from its inception in 1940; Member, The Trichinopoly District Board 1917-1935; President, The Trichinopoly District Educational Council; Director, The Trichinopoly District Agricultural Association from its starting; One of the Secretaries of the Madras Provincial Union of Panchayats from 1938.

Pattabhi Sitharamayya, B., Dr. B.A., M.B. & C.M., Masulipatam; b. 28-11-1880; Hony. Secretary, Kistna Central Co-operative Bank, Masulipatam, 1918-1926; Founder of Gudlavalleru and Vadlamannadu Land Mortgage Banks and President of the latter 1923-30; Member, Executive Committee—Madras Provincial Co-operative Bank 1926-30; Member, Committee on Co-operation Madras, 1939-40; Member, All-India Congress Committee; Member, Working Committee of the Indian National Congress for several years; President, Andhra Provincial Congress Committee; Chairman, Andhra Insurance Company for some time; Chairman, Hindustan Mutual Insurance Society.

Pichaiya, Viruru, B.A., Cuddapah; b. 18th August 1872; Director and Treasurer, Town Bank, 1915; President, District Central Bank 1917-1936; was Director of the Provincial Bank representing the Central Bank; President, Land Mortgage Bank when started; Chairman, Municipal Council, Cuddapah; President, Taluk Board, Cuddapah; Member, Senate of the Madras University; Vice-President, District Educational Council, Cuddapah; Member, Debt Conciliation Board, Cuddapah. Awarded Rao Sahab 1936.

Prakasarao, D. V., B.A., b. 15th December 1864; President, District Co-operative Bank, Cocanada 1919-1927; Director since 1939 to-date; Assistant Secretary, and Treasurer, Indian Famine Relief Fund 1897-1899; Member, Pittapur Rajah's College 1895-1900; Member, Cocanada Municipal Council for several years and its Vice-Chairman 1921-1925; Member, Cocanada Plague Committee 1900-1903; Secretary, East Godavari District Association 1913-1937 and from 1940; Member, Cocanada Taluk Board 1913-1924; Member, East Godavari District Board 1919-1923;

Member, and Vice-President, District Educational Council, East Godavari for 12 years; Assistant Secretary and Treasurer, Indian War Relief Fund, 1914-1916; member, Price Control Committee, Godavari District 1918-1919; President, District Co-operative Banking Union, Cocanada 1919-1927; Secretary, Irrigation Advisory Board, Godavari Eastern Delta 1926-1934; President, Irrigation Advisory Board, 1934-1940.

Raghavendra Rao, T., b. 22nd July 1889; Member of the Association of Certified and Corporate Accountants, London; Chief Accountant, Madras Provincial Co-operative Bank from November 1911; and Secretary from October 1937; Representative of the Bank in Southern India Chamber of Commerce; Director, The Central Co-operative Printing Works, Madras; Visited Japan to study the movement in 1940.

Rajabadar Mudaliar, A., B.A., Rao Bahadur; b. 1806; President, Co-operative Central Bank, Conjeeveram; First President, Co-operative Land Mortgage Bank, Conjeeveram; Secretary, The Madras Provincial Co-operative Union; Member, Chengleput District Board and Councillor, Conjeeveram Municipality.

Rajagopalachari, C., B.A., B.L., Bezwada; b. 10th January 1879; Director, The Vijayavada Co-operative Bank from 1918; President, The Andhra Co-operative Institute, Bezwada from 1929; Director, The Gandhi Urban Bank, 1928-1939; Chairman, Municipal Council, Bezwada from 1938.

Ramadas Pantulu, The Hon'ble, V., B.A., B.L., 'Farhatbagh', Myslapore, Madras; b. 1873; Member, Central Committee, International Co-operative Alliance, London; President, The Indian Provincial Co-operative Banks' Association and the All-India Co-operative Institutes' Association; Editor, *The Indian Co-operative Review*, *The Year-Book and Directory of Indian Co-operation*, 1942; President, The Madras Provincial Co-operative Bank from 1926 to May 1941; President, The Madras Provincial Co-operative Union from 1926 to December 1940; President, The South India Co-operative Insurance Society from January 1932 to August 1941; Member, Indian Central Banking Enquiry Committee; Townsend Committee on Co-operation, Madras, 1927; Committee on Co-operation, Madras 1939-40; Chairman, Board of experts appointed by the Congress Government for the rehabilitation of the Co-operative Movement in Bihar; Delegate from India to the 14th Session of the International Co-operative Congress, 1934; Leader, Congress Party in the Council of State; Member, Indian Central Cotton Committee; Chairman, Rural Finance and Marketing Sub-committee of the National Planning Committee; President, Andhra Provincial Board of the Harijan Sevak Sangh; Vice-President, Madras Economic Association; Member, Governing Body of the Indian Research Fund Association; Senate and Academic Council of the Madras University and Chairman Board of Studies in Telugu for several years; Member, Court of the Delhi University for some time. Author of Commentaries on the Madras Estates' Land Act (Land Tenures in Madras).

Ramakrishnan, K. C., M.A., Dip., (Econ.), Madras; b. December 1891; Acting Reader in Economics, Madras University; Director, Triplicane Urban Co-operative Society since 1934; Madras Provincial Co-operative Stationery Stores since 1939; Member, Editorial Committee of the *Madras Journal of Co-operation*; Delegate from India to the International Co-operative Congress, Paris, 1937.

Ramalingam Chettiar, T. A., B.A., B.L., M.L.C., b. May 1881; President, The Madras Co-operative Central Land Mortgage Bank; President, The Madras Provincial Co-operative Union; President, The Madras Provincial Co-operative Marketing Society; President, The Coimbatore District Co-operative Urban Bank; President, Tamil Nadu Co-operative Federation; Director, The Madras Provincial Co-operative Bank; Member, Standing Committees of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association; Member, Townsend Committee on Co-operation (1927) Madras; Vice-Chairman Committee on Co-operation, Madras 1939-40; Chairman, Tirumalai and Tirupathi Devasthanams' Committee; Elected to the 1st, 2nd, 3rd and 4th Madras Legislative Councils under the old Government of India Act and again as Member, Legislative Council under the Government of India Act of 1935; Was President of the District Board of Coimbatore for some years; A Congressman; Discarded the title of Dewan Bahadur which was conferred on him in 1935.

Ramamurti, Vadrevu; Razole, East Godavari District; Secretary, The Amalapuram Co-operative Union 1916-20; President, The Co-operative Urban Bank; Director, Sree Konaseema Co-operative Central Bank, Amalapuram since its inception upto 1935; Vice-President and Working Director during 1920-23 and President for some years; President, Razole Co-operative Credit Society since its inception in 1927 to 1939; President, Razole Co-operative Land Mortgage Bank since 1933; Chairman, The Local Board of the South India Co-operative Insurance Society, since 1934; Director and Member, Executive Committee, Madras Co-operative Central Land Mortgage Bank 1933-36; Vice-President, Madras Provincial Co-operative Union 1936-39.

Ratnasabapathi Mudaliar, C. S., Dewan Bahadur; b. 9th March 1886; President, Madras Handloom Weavers' Provincial Co-operative Society for the past four years; Vice-President, Madras Central Land Mortgage Bank; Member, The Committee on Co-operation 1939-40; Chairman, Municipal Council and President, District Board, Coimbatore for about 14 years; President, Federation of Indian Chambers of Commerce and Industry; Chairman, the South India Mill-owners' Association.

Samiappa Mudaliar, N. R., Rao Bahadur; b. 15-11-1896; President, Co-operative Urban Bank, Tirutturaipundi; President, Co-operative Supervising Union, Tirutturaipundi; President, Loan and Sale Society, Tirutturaipundi; President, Land Mortgage Bank, Tirutturaipundi for some years; Member, Board of Management, Co-operative Central Bank, Kumbakonam; Member, Central Land Mortgage Bank, Madras; Member, Madras Provincial Co-operative Bank; Member, Executive Committee, The Madras Provincial Co-operative Union; Member, Standing Committee, All-India Co-operative Institutes' Association; Vice-President, Tamil Nadu Co-operative Federation; Vice-President, Co-operative Fire and General Insurance Society; Member, Madras Legislative Council; Member, Taluk and District Boards for nearly 20 years. Vice-President, Tanjore District Board and East Tanjore District Board for some years; Member, Senate of the Madras University; and South Indian Railway Advisory Committee for some time.

Sankara Mudaliar, S. S., B.A., B.L., b. 5-11-1883; Secretary, Madras City Co-operative Bank; Vice-President, Central Co-operative Printing Works; President, Madras District Co-operative Central Bank for some years; Director and Mem-

ber, Executive Committee, The Madras Provincial Co-operative Bank for some time.

Sarma, P. S. N., Dr., Bhimavaram; Secretary, Co-op. Swadeshi Vastra Nilayam 1929-41; Local Co-operative Union 1934-35; President, Co-operative Crop Loan and Sale Society; Member, Executive Committee, Andhra Co-operative Federation since 1939; Director, Kistna Co-operative Bank, 1934-37; Secretary, Local Co-operative Land Mortgage Bank, 1937-40.

Satyanarayana, Narasimhadevara; b. 9th September 1894; President, Alamuru Co-operative Rural Bank; and Land Mortgage Bank, Alamuru; Director, Ramachandrapuram Central Bank; Joint-Secretary, Madras Provincial Co-operative Union, Director, Madras Central Co-operative Land Mortgage Bank; Secretary, Andhra Provincial Co-operative Union; Member, East Godavari Dt. Board; Vice-President, Madras Provincial Panchayats Association; President, Irrigation Advisory Board, Eastern Division; Superintendent, Alamuru Rural Reconstruction Centre.

Seturama Iyer, A., Rao Sahib; Nidamangalam; b. 31st May 1872; Secretary, Agricultural Bank, Nidamangalam 1905-1935; Secretary, Mannargudy Taluk Co-operative Supervising Union 1919-1928; Director, Tanjore Co-operative Central Bank 1919-28; and Vice-President for a term; Hony. Asst. Registrar of Co-operative Societies for a number of years; Chief Agent and District organiser, South India Co-operative Insurance Society 1932-1940; Director, Central Co-operative Marketing Society; Secretary, Nidamangalam Co-operative Sale Society since 1934; Secretary, The Tanjore Dt. Co-operative Manure Society, Nidamangalam from 1916; Director, Mannargudy Co-operative Mortgage Bank from 1934; Chairman, Nidamangalam Union Board for two terms and Member, Taluk Board; Honorary Visitor, College of Agriculture and Research Institute, Coimbatore, 1918-21; Vice-President, Madras Students' Agricultural Union for some time; Member, Managing Committee, The Tanjore District Agricultural Association; Author; Field and Garden Crops of Madras in (1908).

Seshachalam Iyer, M. S., Rao Sahib; b. 7th July 1882. Secretary, the Tiruvannamalai Co-operative Society; Started a number of rural societies in Tiruvannamalai and Chengam areas; Secretary, Tiruvannamalai Taluk Co-operative Union; Hony. Assistant Registrar of Co-operative Societies for some time; Organised a Cobblers' Co-operative Society; President, Vellore Dt. Co-operative Federation; Member, Executive Committee, Vellore Co-operative Central Bank and the Madras Central Urban Bank (now the Provincial Co-operative Bank) for some time; Joint Secretary, Madras Provincial Co-operative Union for two terms and Edited the Tamil Bulletin till it was handed over to the Tamil Nadu Federation; Secretary, Tiruvannamalai Co-operative Union; President, The Tiruvannamalai Co-operative Labour Union; Secretary, The Tiruvannamalai Co-operative Loan and Sale Society; The Tiruvannamalai Co-operative Building Society; and the Brahmans' Co-operative Better Living Society. President, Modaiyur Stone Image Workers' Co-operative Society; Member, Executive Committee, Co-operative Central Bank; Member, Motor Supply Co-operative Society; Tamilnadu Federation; District Organiser for the South India Co-operative Insurance Society, Madras.

Sivananda Mudaliar, R. A., b. 8-8-1883; Director, Assistant Secretary, Vice-President and President, Co-operative Central Bank, Cuddalore for 19 years; Director Y.B.—19

tor, Madras Provincial Co-operative Bank; Madras Provincial Co-operative Union for several years; President Co-operative Sale Society, South Arcot for about 15 years; Member, Cuddalore Municipal Council, 1925-28 and 1934-35; Vice-President, Temperance Committee, South Arcot; Chairman, Charitable Endowment Board; Member, Excise Advisory Board; and Temple Committee Cuddalore for some time; Member, Export Advisory Council, nominated by the Government of India, for some time.

Shiva Rau, Molhalli; Puttur; b. 1880; President, South Kanara Central Co-operative Bank; South Kanara Agriculturists' Co-operative Wholesale Society, Puttur; Puttur Division Co-operative Land Mortgage Bank; Director, Madras Provincial Co-operative Bank; The South Kanara District Co-op. Advancement Society; Member, South Kanara District Board; Chairman, District Board Standing Committee on Education and the Puttur Taluk Elementary Education Advisory Committee.

Simhachallam Pantulu, Gade; President, Taluk Supervising Union, Narasaraopet for the past 20 years; Vice-President, and President, Guntur District Co-operative Central Bank, Tenali; Director, Madras Provincial Co-operative Bank; Provincial Co-operative Union; Member, Legislative Council, Madras; Senate, Madras University; Hon. Assistant Registrar of Co-operative Societies, Guntur.

Singaravelu Mudaliar, K. M., Rao Sahib, b. 20-3-1884; President, District Co-operative Federation for over 20 years; Director, Vellore Central Bank; Vice-President and Member, Executive Committee, The Madras Provincial Co-operative Bank for several years; Secretary, Kalavai Co-operative Supervising Union from 1915; Walejah Land Mortgage Bank from 1934; Member, Kalavai Credit Society; Member and President, Ranipet Taluk Board 1919-1930; and Member North Arcot District Board 1919-35.

Sitaramiah, Kavali, B.A., B.L., Rao Sahib; Cocanada; b. 3rd October 1883; President, The District Co-operative Bank, Cocanada; The Cocanada Co-operative Loan and Sale Society; The Cocanada Co-operative Milk Supply Union, and the Provincial Co-operative Bank; Member of the Board of Management of the Fire and General Co-operative Insurance Society, Madras; Honorary Presiding Magistrate of the Bench Court for three consecutive terms; Member, The Cocanada Divisional Economic Committee.

Sitarama Reddiar, K., B.A., B.L., b. October, 1884; Secretary and Director; The South Arcot District Co-operative Bank for some years; Hony. Asst. Registrar of Co-operative Societies, 1925-27; Chairman, South Arcot Co-operative Central Bank; Director, Board of Management, The Madras Provincial Co-operative Bank; President, South Arcot District Board 1920-29 and again now; Member, Madras Legislative Council, 1921-30; Secretary, Discharged Prisoners' Aid Society for many years; Was appointed as Commissioner Hindu Religious Endowment Board in 1930; First Commissioner, Tirumalai Tirupathi Devasthanams from 1933 to 1936. Member, Madras Legislative Assembly from 1937; Central Legislative Assembly from 1940; A Congressman and relinquished the title of Rao Bahadur.

Srinivasachari, A.. Srivilliputtur; b. 26th October 1886; First President Srivilliputtur Co-operative Credit Society for 6 years; Director, Ramnad Co-opera-

tive Central Bank for 3 years; Secretary, Srivilliputtur Co-operative Supervising Union; First non-official Honorary Secretary, Srivilliputtur Co-operative Banking Union, its organiser 1920-1931; Representative of Srivilliputtur Bank in the Madras Provincial Co-operative Bank for about 10 years; Representative Member, Madras Provincial Co-operative Union; Member, Taluk Board, Sattur 1914-1927; Member, Ramnad District Board 1918-1920; and 1924-1926; Hony. Organiser, Village Panchayats, for about 6 years; Councillor, Srivilliputtur Municipality for about 10 years from 1930; Hony. Secretary Hindu High School, Srivilliputtur 1920-1923.

Srinivasa Raghavachari, G., b. 1869; Assistant Registrar of Co-operative Societies, 1920-24; President, Madura Ramnad Co-operative Bank; Secretary, Madura Ramnad District Co-operative Federation; Member, Executive Committee and Board of Management, The Madras Provincial Co-operative Bank; Joint-Secretary and Member, Executive Committee and Board of Management, The Madras Provincial Co-operative Union; The first Superintendent of the Hood Co-operative Training Institute, Tanjore; President, of the First Class Bench Court, Madura; Special Revenue Officer of the Madura Municipality for some time.

Sundaram Ayyar, P. S., Periyakulam; b. 9th August 1889; Secretary, President and now a Director of the Periyakulam Co-operative Urban Bank; Representative of the Bank in the Provincial Co-operative Union; President, Agricultural Improvement Co-operative Society, Periyakulam; Municipal Councillor since 1928 except between 1931-1934; Member, Madura District Board 1934-1937 and District Educational Council 1935-1937.

Tandu Mudaliyar, A. D., Rao Sahib; President, Central Bank; Co-operative Land Mortgage Bank; Co-op. Loan and Sale Society; and Co-op. Milk Supply Society, Hospet (Bellary Dt.); Ex-Hony. Asst. Registrar of Co-operative Societies; Director, Madras Provincial Co-operative Bank; Ex-Vice-Chairman, Municipal Council; and Vice-President, Dt. Board, Bellary; Honorary Visitor, Agricultural College, Coimbatore; Member, Debt Conciliation Board, Hospet; Anti-Tuberculosis Committee Bellary.

Thomas, Prekunnei Joseph, M.A., (Madras D.Litt., D.Phil., (Oxon.); b. 25th Feb. 1895; Member, Madras Provincial Banking Enquiry Committee 1929; Committee on Co-operation 1940; Honorary Member, Provincial Co-operative Union for some years; Professor of Indian Economics, University of Madras from 1927; Member, Rice Committee of the I.C.A.R. (Government of India); Chairman Fact Finding Committee (Handloom and Mills) Government of India; Member, Consultative Committee of Economics, Government of India.

Varadaraju Reddy, N., b. 1895; Secretary, The Co-operative Union, Chengam from 1926 onwards; Vice-President and President, the North Arcot District Co-operative Central Bank for some time; Director, the Madras Provincial Co-operative Union; Member North Arcot District Board for about 5 years; Address:—Melpulidiyur Village, Chengam Taluk, North Arcot District.

Vedachalam Iyer, Anakavur, B.A., Rao Bahadur; b. 1866; Assistant Registrar, 1911-1919; Registrar and Joint Registrar 1919-1920; President, Provincial Co-

operative Union, 1921-23; President, Land Mortgage Bank, Cheyyur, 1933-1936; Director, Vellore Co-operative Central Bank.

Venkatachalam Pantulu, V., M.A., B.L., b. 30th August 1904; Secretary, The South India Co-operative Insurance Society, Madras; President, The Central Co-operative Printing Works; Sometime Secretary, and now Director and Member, of the Madras Provincial Co-operative Stationary Stores; Member, Board of Management, The Madras Provincial Co-operative Union.

Venkatakrishna Pillai, B.A., Rao Sahib, b. 9th June 1880; Chairman and Member, Executive Committee, Central Co-operative Printing Works 1936-38; Director, Madras Co-operative Milk Supply Union; Member, Board of Management, Madras Provincial Co-operative Union; Asst. Secretary, Madras Dt. Co-operative Labour Society for some years; Hony. Arbitrator of Co-op. Societies from 1936; President, The City Improvement League, Perambur.

Venkattappa Chettiar, S. C., B.A., B.L., M.L.A., Salem; b. 11th July 1879; Member, Board of Management, The Dt. Urban Bank Salem since 1918; Member, Executive Committee 1918-1921 and 1930-31; Vice-President, The Dt. Bank 1918-1921 and its President 1931-34; Director, Shevanet Urban Bank from 1933 and President from 1941; Member Salem Municipal Council, 1910-1937; and its Chairman, 1920-1926; Member, Salem District Board from 1936; Member, Madras Legislative Assembly; and Senate, Madras University for one period up to 1941.

Venkataramana Iyer, C., Rao Sahib; Chittoor, b. 1st November 1887; Director, The Co-op. Town Bank, Chittoor 1918-37, President, 1920-37; Director, The Chittoor Co-op. Land Mortgage Bank 1936-1938; Director, District Co-op. Central Bank, Chittoor 1925-32; President 1926-1932; Director, Dt. Co-op. Federation, Chittoor; President, 1930-32; Director, Madras Provincial Co-op. Bank; Honorary Assistant Registrar 1930-32; Director, The Chittoor Saswatha Nidhi 1919-1937; President, 1935-37.

Venkatarao, Kala; b. 7-7-1900; Graduate of the Guzrat Vidya Pith; Hony. Secretary, Sree Konaseema Co-operative Central Bank, Amalapuram 1927-1928 and 1931-1941; Its Vice-President, 1928-29; Director, Madras Provincial Co-operative Bank, 1932-1941; and Member, Executive Committee 1938-1941; Member, Executive Committee, Madras Provincial Co-operative Union, 1928; Secretary, East Godavary Dt. Co-operative Federation, 1928-30; Director, Andhra Sahakara Sammelanam; Hony. Member, Madras Provincial Co-operative Union; Member, Madras Committee on Co-operation 1939-40; President, Madras Central Banks' Conference, 1937; Member, Legislative Assembly, Madras; and Godavary District Board, 1928-36; Secretary, Andhra Provincial Congress Committee; and Member, All-India Congress Committee.

Venkataratnam, Bikkani; b. 1889; President, Co-operative Central Bank, Ramachandrapuram; Land Mortgage Bank; Loan and Sale Society and Ramadoss Co-operative Institute, Rajahmundry; Director, Madras Provincial Co-operative Bank; Member, Pre-Reform Madras Legislative Council; Member, East Godavary District Board; Member, Senate, Andhra University.

Vijayaraghavacharya, T. Diwan Bahadur, Sir; K.B.E., b. 27th August 1875; Prime Minister, Udaipur (Rajputana); Chairman, Committee on Co-operation, Madras, 1939-40; Member, United Provinces Co-operative Committee; Served as member and also President of several local bodies; Member, Central Legislature and Madras University for sometime.

Viswanatha Rao, O., B.A., B.L., Rao Sahib; Nellore; b. 3rd Oct. 1888; President, South Pennar Co-operative Union 1918-1924; Honorary Secretary, Nellore District Co-operative Bank 1924-1927; Vice-President 1927-1933; President 1933-1935; and now Director of the Bank; President, Land Mortgage Bank, Nellore 1930-1939 and now Director; Director, Central Land Mortgage Bank 1933-1936; Treasurer, Nellore Co-operative Marketing Federation and Director, Nellore Milk Supply Union.

Yegnanarayana Aiyar, S. K., M.A., b. 23rd February 1883; Founder and President, Municipal Employees' Co-operative Society, Salem. 1917-1922; President Salem Co-operative Union 1919-21; Director, Central Bank, Salem 1919-21; President 1922-28 and Director (1922-31) Madras Teachers' Guild Co-operative Society; Secretary, Provincial Co-op. Union for 2 years; Editor, *The Madras Journal* of Co-operation, 1926-1934; Director, The Triplicane Urban Co-operative Society; now Managing Director; One of the original signatories of the South India Co-operative Insurance Society, and its Director from the beginning; Director, The Central Co-operative Printing Works; The Mysapore Building Co-operative Society, its President; Member, The Madras Dt. Central Bank; Member, The Madras Provincial Co-operative Bank; Head of the Department of English in Pachiyappa's College, 1922-41; President, The South India Teachers' Union 1926-40; Member, Senate, Madras University 1926-38; Academic Council for a short term.

NORTH WEST FRONTIER PROVINCE

Baldeshi Ram Sarup Dutt; He is an old co-operator; He is the founder of the Peshawar Civil Employees' Co-operative Credit Society registered on 30th October 1925 and has worked either as Honorary Secretary or President; He is also the chief organiser of Muhiyal Co-operative Better Living Society; He has either been elected an Honorary Secretary or President of the Provincial Civilian Clerks' Association, North West Frontier Province for the last 20 years; He is at present holding the office of Superintendent, Revenue and Divisional Commissioner North West Frontier Province, Peshawar.

Darwesh Khan. Mohd. K. M.A., LL.B.; Khan Sahib, He is associated with the movement since 1930 and it was through his initiative that work in Mardan Tahsil was started. He is the first Honorary Secretary of the Mardan Central Co-operative Bank started in 1934. He is also interested in other beneficent activities of the Government. He continues to work as Honorary Secretary of the bank successfully.

Khan Ghulam Mohd. Khan Niazi, B.A., b. 30th November 1896; He is the first Registrar in the Province after the separation of the movement and the department from the Punjab organisation; Belongs to a very influential family of the Niazi Pathans in the district. Joined the Punjab Co-operative Societies Department as Inspector candidate 1918. Promoted to the Gazetted rank from 1st April 1927 and

after serving successfully in the Punjab as Assistant Registrar was selected for appointment as Registrar in the North West Frontier Province and is on deputation here since 17th April 1940.

Malik Sultan Mahmud, Khan Sahib; b. 17-8-1885; He was the first Inspector deputed from the Punjab to start the movement in the Province. He took over on 3rd May 1925 with his headquarters at Haripur, Hazara District and showed success. On 1st May 1929 he was promoted as Assistant Registrar and after a successful career retired from the service with effect from 16-12-40.

Mohd. Rafiq Khan, K.; He is working as Honorary Secretary of the Bangash Co-operative Banking Union at Hangu, District Kohat, started on 8th June 1939.

Mohammad Sadig, S., B.A., LL.B., He was elected as Director of the Hazara Central Co-operative Bank in 1933 and due to his keen interest was elected next year as its Joint Secretary and Managing Director. Since September 1937 he is the Honorary Secretary of the Bank; He is also Treasurer of the Hazara Co-operative Bee-keepers' Association, and Treasurer of the district branch of the Indian Red Cross Society.

Shah Nawaz Khan, M., B.A., LL.B.; Was the first Honorary Secretary of the Dera Ismail Khan Central Co-operative Bank, since its inception in 1934; He has used his influence in extending the movement.

ORISSA

Mozumdar, S. N., I.C.S., Registrar of Co-operative Societies till April 1940.

Panda, K. M., Director, Aska Co-operative Central Bank; Member, Board of Management. The Madras Provincial Co-operative Bank.

Ramakrishna Rao, N; Vice-President, The Berhampore Co-operative Central Bank; Member, Board of Management. The Madras Provincial Co-operative Bank.

Rathio, B. K., President, Aska Co-operative Central Bank.

Roy. S. C., Rai Sahib; Deputy Registrar of Co-operative Societies, Orissa.

Venkatakrishnainya Tadepalli, B.A., B.L., Rao Bahadur; b. 1880; President, Chatrapur Urban Bank for 20 years; President, Berhampur Co-operative Central Bank; President, Orissa Provincial Co-operative Land Mortgage Bank; Vice-President, Ganjam Dt. Board, for 9 years; President, Chatrapur Taluk Board; and Ganjam Dt. Board for some time. Address:—Chatrapur, Ganjam, Orissa.

PUNJAB

Abdul Hamid Khan, Khan Sahib, B.A., LL.B., b. 1893; Vice-Chairman, District Board and Public Prosecutor; Member, Municipal Committee, Muzaffargarh; President, The Co-operative Credit and Thrift Society, Ghazipur Dosli. Organiser,

Arbitration Society and Fruit Growing Association; Honorary Secretary, The Co-operative Execution of Awaris Union, Muzaffargarh for the last 8 years and now its President. Director, The Central Co-operative Bank, Muzaffargarh; Address:—Muzaffargarh.

Allah Nawuz Khan, Sardar; b. 1913; Honorary Magistrate; Editor of College Magazine (Khaibar); Secretary, Oriental Society, Khaibar. Honorary Editor of a Weekly Rural uplift paper *Islah*. Author of *Masnawi Anjam-i-Ishaq* and *Jami-Jamshaid*; Director, The Central Co-operative Bank, Dera Ghazi Khan. Representative to the General Meeting of the Punjab Co-operative Union, Lahore and the Punjab Provincial Co-operative Bank, Lahore. Address:—Vahoa, District Dera Ghazi Khan.

Allah Rakha, Chaudri, Lambardar, b. 1890; President, Co-operative Thrift and Credit Society, Bhabra Jattan since 1912; Co-operative Better Living Society; Co-operative Better Farming Society, Bhabra Jattan since 1928; Co-operative Cattle Breeding Society, Bhabra Jattan; President and Cashier, The Co-operative Union, Bhabra Jattan; Director, Co-operative Commission Shop, Dina Nagar since 1930. Director, Central Co-operative Bank, Gurdaspur for the last 3 years; Member, Executive Committee, The Punjab Co-operative Union, Lahore; Member, Executive Committee, The Punjab Provincial Co-operative Bank, Lahore; Patron and guide, The Co-operative Human First Aid Centres and the Veterinary First Aid Centres since 1935. Sarpanch of the Village Panchayat, District Darbari. Address:—Bhabra, P.O. Sahuwal Via. Dina Nagar, Tahsil and District Gurdaspur.

Amar Singh, Sardar, Rais, Behrampore Zamindari; b. 1907; President, local Co-operative Dehat Sudhar Society; local Co-operative Consolidation of Land Holdings Society; Treasurer, local Co-operative Thrift and Credit Society; local Co-operative Medical Aid and Public Health Society; Vice-President, The Central Co-operative Bank, Rupar. Member, District Board, Ambala. Awarded Cash prize for good work in the consolidation of land holdings; Also awarded Commissioner's sanad for good work. Address:—Village Behrampore, Tahsil Rupar, District Ambala.

Asadulla Khan, Khan, Khan Sahib; b. 1890; Honorary Magistrate, Mehatpur, District Jullundur; Founder and President, The Co-operative Thrift and Credit Society, Shahsalemppore; The Co-operative Union, Mehatpur; Director, The Central Co-operative Bank, Jullundur; Member, Executive Committee, The Punjab Co-operative Union, Lahore; Member, Executive Committee, The Punjab Provincial Co-operative Bank, Lahore. Engaged in Rural Reconstruction work among men and women. Awarded many certificates and sanads for commendable work. Address:—Mehatpur, Tahsil Nakoder, District Jullundur.

Bans Gopal Mann, Chowdry, B.A., LL.B., Rai Bahadur; b. 1890; Karnal, Honorary Secretary, The Central Co-operative Bank, Karnal since 1921; Member, Executive Committee, Punjab Co-operative Union, Lahore; Member, Executive Committee, The Punjab Provl. Co-op. Bank, Lahore; Member, War Sub-Committee, Punjab Co-operative Union, Lahore; Sugar Sub-Committee, Imperial Council of Agricultural Research; Member of the first reformed Punjab Legislative Council; Council Secretary to the late Sir Mian Fazal Hussain, Education Minister; Member, District Board, Karnal and its Senior Vice-Chairman for many years;

Member, Sanitary Board; Awarded the title of Rai Sahib, 1929; Address:—Raj Nivas (Ghogripur), P.O. and District Karnal.

Bashir Ahmed Khan, Khan Mahomud, M.A., LL.B., M.R.A.S., (London); b. 1902. Secretary, Punjab Co-operative Union, Lahore since 1925; One of the original member who organised the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association; Member, Standing Committee and Honorary Secretary, All-India Co-operative Institutes' Association; Member, Legislative Sub-Committee, All-India Co-operative Institutes' Association; Secretary, War Committee, Punjab Co-operative Union; President, P. C. U. Employees' Association; President, Co-operative Workers Thrift and Credit Society, Lahore; Delegate to the Conferences of Registrars of Co-operative Societies; Delegate to Provincial Co-operative Conferences of Provinces and States; Author of (1) The Co-operative Movement in India; (2) A short History of the All-India Co-operative Institutes' Association; (3) Better Living Societies; (4) Consolidation of Land Holdings; (5) Co-operative Education and Training etc.; Editor-in-Chief 'Co-operation' Lahore; Contributor to the Year-Book of Agricultural Co-operation published by the Horace Plunkett Foundation, London; Review of International Co-operation, London, Co-operative Information Geneva etc. Provincial Editor, Year-Book and Directory of Indian Co-operation. Member, Indian Economic Association; The Indian Society of Agricultural Economics; President, Anjman-Islamic Civil Secretariat, Lahore; Director, Education Committee, Y.M.C.A.; Lahore. Address:—Secretary, Punjab Co-operative Union, Lahore.

Bhagat Ram, Lala, B.A., S.A.V., F.E.L., Rai Sahib; b. 1863; Held various posts—Munsif; Extra Assistant Commissioner; Senior Sub-Judge; District and Sessions Judge; Retired 1919; Member, Executive Committee, The Punjab Co-op. Union, Lahore; Executive Committee, The Punjab Provincial Co-operative Bank, Lahore; President, The Lahore Central Co-operative Bank, Lahore 1921 to 1936; Now its Senior Vice-President; Chairman, All-India Kshatriya Sabha and Punjab Mutual Family Relief Fund for some years; Address:—Shahi Mohallah, Lahore.

Bhola Singh, Chaudhri, B.A., LL.B., Rohtak; b. 1899. Director, The Central Co-operative Bank, Rohtak since 1930; Member, Executive Committee, The Punjab Co-operative Union, Lahore; Executive Committee, The Punjab Provincial Co-operative Bank, Lahore; Vice-Chairman, District Board, Rohtak since 1932 and its member since 1929; Address:—Chiri, Tahsil Gohana, District Rohtak.

Bir Singh, Gyani; b. 1901; President, The Co-operative Thrift and Credit Society, Sawaddi Khas, Patti Hindal, district Ludhiana since 1928; The Co-operative Medical Aid Society, Sawaddi Khas; Director, Central Co-operative Bank, Ludhiana; Member, Executive Committee, The Punjab Co-operative Union, Lahore; Executive Committee, The Punjab Provincial Co-operative Bank, Lahore. Sarpanch of his Village Panchayat for the last 3 years. Organised Dhaya Zamindar Association; Address:—Village and P. O. Sawaddi Khas, Tahsil Jagraon, District Ludhiana.

Dosondha Singh, Sardar, Sardar Sahib; b. 1895. President and Cashier, The Machhian Co-operative Union since 1927; Director, Central Co-operative Bank, Hoshiarpur for the last 12 years; and its Vice-President for the last five years. Member, Executive Committee, The Punjab Co-operative Union, Lahore; Member,

Executive Committee, The Punjab Provincial Co-operative Bank, Lahore; Member, Debt Conciliation Board, Hoshiarpur Dasuwa since 1938; Sufed Posh in 1930; Address:—Village Machian, P.O. Garhiwala, District Hoshiarpur.

Fazl Ali, Chaudhri, Khan Bahadur, Nawab, O.B.E., M.L.A., b. 1871; Chairman, District Board, Gujrat; President, The Ajnalu Co-operative Thrift and Credit Society; Founder of the Gujrat Central Co-operative Bank, Gujrat and its Honorary Secretary for several years and now its President; Vice-President, Executive Committee, The Punjab Co-operative Union, Lahore; Vice-President, Executive Committee, The Punjab Provincial Co-operative Bank, Lahore for the past several years; Secretary, Zamindar Educational Association, Gujrat. Founder of the Zamindara College, Gujarat; Address:—Ajnalu, District Gujrat.

Feroz-ud-Din, Chaudri, B.A., LL.B., Khan Sahib; b. 1885; Chairman, Debt Conciliation Board, Jhelum; Honorary Secretary, Central Co-operative Bank, Jhelum 1923-41; Member, Executive Committee, The Punjab Co-operative Union, Lahore and the Punjab Provincial Co-operative Bank, Lahore for the last several years. Vice-Chairman, District Board, Jhelum for about 19 years; Address: Jhelum.

Ghulam Abbas Shah, Sardar; Land Lord; b. 1897; Organiser and President, The Rajoa Co-operative Thrift and Credit Society; Director, Central Co-operative Bank, Jhang; Vice-President, The Co-operative Land Mortgage Bank, Jhang for the last 20 years; Member, Executive Committee, The Punjab Co-operative Union, Lahore; Executive Committee, The Punjab Provincial Co-operative Bank, Lahore for nearly 10 years; Member and Vice-Chairman District Board, Jhang for a long period; Member, Legislative Assembly (Central) 1928-31; Address:—Rajoa, District Jhang.

Ghulam Hasan Khan, B.A., LL.B., A.I.R.O., Khan Sahib, Captain; b. 1899. Member, Standing Committee, All-India Co-operative Institutes' Association; Legislative Sub-Committee of the Indian Provincial Co-operative Banks' and Institutes' Associations; Executive Committee, Punjab Co-operative Union, Lahore; Executive Committee, The Punjab Provincial Co-operative Bank, Lahore; Honorary Secretary, The Mianwali Central Co-operative Bank; Founder Honorary Secretary, The Mianwali Co-operative Mortgage Bank, and now its Vice-President; President, The Co-operative Execution of Awards Union; The Shirmankhel Co-operative Credit and Thrift Society, Mianwali; Member, Mortgage Banks Committee, Punjab; Punjab Government Development Committee; Delegate, Co-operative Conference Punjab, 1927-35; Delegate, Co-operative Conference, Rawalpindi; Vice-Chairman, District Board, Mianwali; Vice-President, Municipal Committee, Mianwali; Awarded Silver Jubilee Medal 1935; Coronation Medal 1937; Address:—Mianwali.

Ghulam Qadir Khan, Khan, Zamindar; b. 1902. Director, Co-operative Commission Shop, Khanewal; Member, Executive Committee, The Punjab Co-operative Union, Lahore; Executive Committee, The Punjab Provincial Co-operative Bank, Lahore (1941); Address:—Khanewal (old), P.O. Khanewal, District Multan.

Gurbakhsh Singh, Sardar, Sardar Bahadur Lt.-Col., O.B.I., b. 1874; President, The Tarn Taran Co-operative Union since 1926; Member, Executive Y.B.—20

Committee, The Punjab Co-operative Union, Lahore; Executive Committee, The Punjab Provincial Co-operative Bank, Lahore. Organiser and President, Khalsa High School, Tarn Taran; Awarded Coronation Medal 1911; Sardar Bahadur and O.B.L., (1st Class) 1920; Address:—Tarn Taran, District Amritsar.

Hasham Khan, Khan, Khan Sahib; b. 1885; Honorary Magistrate and Sub-Registrar, Campbellpore, Attock District, Vice-President, The Shadi Khan Co-operative Thrift and Credit Society; Honorary Secretary, The Campbellpore Co-operative Execution of Awards Union; Director, The Attock Central Co-operative Bank, Campbellpore; Member, Executive Committee, The Punjab Co-operative Union, Lahore; Member, Executive Committee, the Punjab Provincial Co-operative Bank, Lahore; Standing Committee, The Indian Provincial Co-operative Banks' Association; Honorary Secretary, The District Agricultural Association, Attock; Member and Vice-Chairman, District Board, Attock; and Member and Vice-President of the Municipal Committee, Campbellpore; Address:—Village & P.O. Shadi Khan, Campbellpore.

Hyder Shah, Syed, B.A., LL.B., Khan Sahib; 1889; Director, the Co-operative Execution of Awards Union, Campbellpore; Honorary Secretary, The Attock Central Co-operative Bank, Campbellpore since its registration in 1922; Member, Municipal Committee, Campbellpore; Address:—Mirza, District Attock.

Iqbal Singh Bajwa, Sardar, Sardar Sahib; b. 1892; Principal, Khalsa High School, Narowal, District Sialkot; joined the movement in 1911; Assisted in starting societies in Narowal and round about it; Founder and President, The Narowal Central Co-operative Bank and the Co-operative Execution of Awards Union; Running a good high school in Narowal for over 25 years; President, Municipal Committee, Narowal for nine years; President, District Board, Sialkot for nine years; Address:—Narowal, District, Sialkot.

Jahan Dad Khan, Raja, Inam Khor; b. 1899; President, The Co-operative Better Living Society, Jhatta Hathual; President, The Co-operative Thrift and Credit Society, Jhatta Hathial; President, The Co-operative Execution of Awards Union, Rawalpindi; Director, The Central Co-operative Bank, Rawalpindi; Member, Executive Committee, the Punjab Co-operative Union, Lahore; Member, Executive Committee, The Punjab Provincial Co-operative Bank, Lahore; President, Compulsory Education Attention Committee; Address:—Jhatta Hathial, Rawalpindi.

Jai Chand, Chaudhri; b. 1894; Honorary Secretary, The Indora Co-operative Union since 1918; served on the Executive Committee, Punjab Co-operative Union, Lahore for 4 years; Address:—Indora, Tahsil Nurpur, District Kangra.

Jalal-ud-Din Sain, Jagirdar, Land-Lord; Kardar; District Darbari; b. 1882; Honorary Secretary, The Shish Mahal Co-operative Thrift and Credit Society, Lahore since the last 30 years; President, The Lahore City Banking Union since the last 20 years; President, The Lahore Tahsil Co-operative Execution of Awards Union since last 14 years; Director, Central Co-operative Bank, Lahore since last 15 years; Member, Executive Committee, The Punjab Co-operative Union, Lahore; Member, Executive Committee, The Punjab Provincial Co-operative Bank, Lahore; Author "Zamindara Banks"; Address:—Bhati Gate, Lahore.

Jan Mohammad Alavi, Doctor, L.M.S.; b. 1905. Member, The Dogran Co-operative Society, Hissar; Director, The Central Co-operative Bank, Hissar; Member, Executive Committee, The Punjab Co-operative Union, Lahore; Member, Executive Committee, The Punjab Provincial Co-operative Bank, Lahore; Helped in the formation of about 30 co-operative societies in Hissar town and about 60 in the district; Member, Government District Price Control Committee; Address:—Hissar.

Jones, I. E., I.C.S., b. 1903 in Dublin, Eire; Registrar, Co-operative Societies, Punjab and Delhi Provinces from April 1940 and Director, Rural Reconstruction, Punjab, Lahore; Assistant Commissioner, Under-Secretary, Home Department and Political Department; Deputy Commissioner, Sardogha, Hissar, Amritsar, Lahore; Chairman, Lahore Improvement Trust; Administrator, Lahore Municipality; President, The Punjab Co-operative Union, Lahore; The Punjab Provincial Co-operative Bank, Lahore; Address:—C/o Grindlay & Co., Ltd., 54, Parliament Street, London, S.W. 1.

Jugal Kishore, Chaudhri, Rao Sahib; b. 1876; Honorary Magistrate, Gurgaon; Serving the Co-operative Movement since 1922; Helped in starting the Co-operative Land Mortgage Bank, Central Co-operative Bank, Gurgaon; Cattle Breeding Association and many credit societies in the Gurgaon District; Address:—Gurgaon.

Kartar Singh, B.A., Sardar, Sardar Sahib; b. 1896; Secretary, District Board, Amritsar; President, District Employees' Co-operative Thrift and Credit Society, Amritsar since 1927; President, The Co-operative Cattle Breeding Association, Amritsar since 1927; President, Co-operative Execution of Awards Union, Amritsar; Honorary Secretary, The Central Co-operative Bank, Amritsar for over 17 years; President, Fruit Development Board, Amritsar; Address:—Raja Sansi, District Amritsar.

Kaura Khan Mastoi, Sardar, Zaildar; b. 1892; President, The Co-operative Thrift and Credit Society, Dera Gazi Khan since 1923; Arbitrator of Co-operative Societies; Director, Central Co-operative Bank, Dera Ghazi Khan for the last 15 years; Member, Executive Committee, The Punjab Co-operative Union, Lahore; Executive Committee, The Punjab Provincial Co-operative Bank, Lahore; Zaukdar; Accessor; Member Jirga; Awarded Sanads and Certificates; Address:—Dera Ghazi Khan.

Maula Balhsh, Malik, Subedar Major, I.D.S.M., b. 1892; President, the Village Co-operative Thrift and Credit Society; The Village Co-operative Dehat Sudhar Society; Address:—Padhrar, District Shahpur.

Mihr Mohammad Khan, Khan, Khan Sahib; Landlord; b. 1897; Hony. Secretary, The Co-operative Thrift and Credit Society, Tohana from 1928; Director, Central Co-operative Bank, Hissar; Sanads granted by the Government doing useful work for the movement; Helped in the Famine Operations of Hissar District in 1929-30 and 1938-41; Granted Jagir of Rs. 250 per annum in 1933; Awarded Silver Jubilee and Coronation Medals; Address:—Tohana, District Hissar.

Mohammad Akram Khan, Raja, Khan Bahadur, M.L.A., b. 2nd February, 1875; President, The Co-operative Execution of Awards Union, Jhelum; Senior Vice-President, The Jhelum Central Co-operative Bank; President, Municipal Committee,

Jhelum; Member, Prisoners' Aid Society; Khan Sahib in 1917; Awarded Recruiting Medal and War Batch for services rendered in the Great War. Also awarded Silver Jubilee Medal in 1935 and Coronation Medal in 1937. Retired Revenue Assistant, Jhelum.

Mohammad Hussain, Chaudhri, B.A., LL.B., M.L.A., Gujranwala; b. 1898; President, Co-operative Thrift and Credit Society, Arup since 1926; Director, The Co-operative Land Mortgage Bank, Gujranwala since 1928 and Honorary Secretary 1929-1936; Director, The Central Co-operative Bank, Gujranwala since 1933 and Honorary Secretary since 1935; Member, Executive Committee, The Punjab Co-operative Union, Lahore 1941; Executive Committee, The Punjab Provincial Co-operative Bank, Lahore 1941; Granted Sanad by the Punjab Government for assistance to the Co-operative Movement; Member and Vice-Chairman District Board, Gujranwala since 1927; Address:—Civil Lines, Gujranwala

Mohammad Hussain Khan, Khan, Zaildar; b. 1895. Helping the Co-operative Movement since 1910; President, The Co-operative Thrift and Credit Society, Basi Umer Khan; President, The Co-operative Union, Hariana; Director, Central Co-operative Bank, Hoshiarpur for the last several years; Member, Executive Committee, The Punjab Co-operative Union, Lahore; Member, Executive Committee, The Punjab Provincial Co-operative Bank, Lahore; Awarded certificates for services to the co-operative movement; Address:—Basi Umer Khan, P.O. Hariana, District Hoshiarpur.

Mohammad Feroz Khan, Malik, Khan Sahib; b. 1833; President, The Garhi Awan Co-operative Thrift and Credit Society since 1927; Director, The Co-operative Execution of Awards Union, Gujranwala; Director, The Central Co-operative Bank, Gujranwala; President, The Gujranwala Central Co-operative Bank, Hafizabad Branch; Member, Executive Committee, The Punjab Co-operative Union, Lahore 1939-41; Member, Executive Committee, The Punjab Provincial Co-operative Bank Lahore 1939-41; Municipal Committee, Hafizabad since 1925 and its President since 1939; Address:—Garhi Awan, Hafizabad, District Gujranwala.

Mohammad Shah, Syed, M.A., LL.B., Khan Sahib; Pakpattan, District Montgomery; b. 1894; Honorary Secretary, The Pakpattan Central Co-operative Bank, since 1924; Member, Municipal Committee, Pakpattan and District Board, Montgomery for several years. Started and edited a rural weekly "the Nili" to promote the rural uplift movement for a period of six years ending with February, 1939.

Mohindar Singh Sidhwan, Sardar, Government Contractor; b. 1898; Founder and President, The Co-operative Thrift and Credit Society, Sidhwan Khurd since 1925; Founder of the Co-operative Medical Aid and Public Health Society in Sidhwan Khurd; Director, Central Co-operative Bank, Ludhiana since 1929 and its Honorary Managing Director since 1938; Member Executive Committee, Punjab Co-operative Union, Lahore for 5 years; District Board, Ludhiana since 1931; General Secretary of the S.G.P.C. Amritsar 1926-27; Address:—Sidhwan Khurd, District Ludhiana.

Muzaffar Ali, Malik; b. 1902; Organiser and President, The local Co-operative Thrift and Credit Society; President, The Central Co-operative Bank, Shahdra;

Member, Executive Committee, The Punjab Co-operative Union, Lahore; Member, Executive Committee, The Punjab Provincial Co-operative Bank, Lahore; Member, District Board, Sheikhpura; Address:—Sharakpur, District Sheikhpura.

Nawab Khan, B.A., LL.B., Khan; b. 1898; Secretary, the Village Thrift and Credit Society; Director, Central Co-operative Bank, Mianwali for the last 20 years; Director of the Co-operative Mortgage Bank, Mianwali for several years; Honorary Secretary, The Co-operative Execution of Awards Union, Bhakkar since its registration in 1927. Representative to the Punjab Co-operative Union, Lahore; Vice President, Municipal Committee, Bhakkar since 1930; Awarded Government Sanads and Certificates for services to the Co-operative Movement, Rural Reconstruction and Sanitation Work; Address:—Bhakkar, District Mianwali.

Nawal Singh, Chaudhari, Rao Sahib; Legal Practitioner and Agriculturist; b. 1871; Vice-President, The Central Co-operative Bank, Rohtak from 1915 to 1922 and its Honorary Secretary from 1922; Vice-Chairman, District Board, Rohtak; Address:—Village Jaunti, P.O. Bahadurgarh, Delhi Province.

Namatullah Khan, Chaudhri, Khan Bahadur; President, Madar Co-operative Thrift and Credit Society; Madar Medical Aid and Public Health Co-operative Society; Madar Co-operative Banking Union since 1912; President, Madar Land Consolidation Co-operative Society; Pioneer, Women's Co-operative Movement in Jullundur Tahsil; Honorary Secretary, The Madar Co-operative Women Thrift Society since 1932; Member, Executive Committee, The Punjab Co-operative Union, Lahore for 23 years; Executive Committee, The Punjab Provincial Co-operative Bank, Lahore for 16 years; Director, Central Co-operative Bank, Jullundur since 1925; Member, Punjab Provincial Banking Enquiry Committee 1930; President, Rural Sanitary Committee, Madar; Member, Jullundur District Agricultural Association since 1914; Member, District Board, Jullundur since 1917; Granted two squares of land in 1930; Awarded the Silver Jubilee Medal 1935; Coronation Medal 1937; Khan Sahib 1918; Honorary Magistrate since 1920; Address:—Madar, District Jullundur.

Noor Mohammad Khan, M.A., LL.B., Malik, Khan Bahadur; (Alig), Sargodha. Organised the Muslim University Co-operative Store, Aligarh; Member, Standing Committee, All-India Co-operative Institutes' Association; Member Executive Committee, Punjab Co-operative Union, Lahore; Director, The Punjab Provincial Co-operative Bank, Lahore; Honorary Secretary, The Sargodha Central Co-operative Bank; Honorary Secretary, The Co-operative Execution of Awards Union, Sargodha; Delegate to the Conferences of Registrars of Co-operative Societies, Simla, 1929 and 1939; Delegate to the Co-operative Conference Punjab, 1935; Delegate, Co-operative Conference, Rawalpindi; Member, Mortgage Banks Committee, Punjab; President, Friends' Co-operative Thrift and Credit Society, Sargodha; Leader of the Co-operative Movement in the Province; Director, Reserve Bank of India, Delhi; Member, Muslim University Court, Aligarh; Vice-President, Municipal Committee, Sargodha, 1927-30; Awarded the title of Khan Sahib in 1930.

Noor Mohammad Mokai, Sardar, Montgomery; b. 1886; Helped in starting the Co-operative Movement in Montgomery District; Vice-Chairman, The Muslim Co-operative Educational Association, Montgomery; Vice-President, The Central Co-

operative Bank, Montgomery; President, Montgomery District Co-operative Execution of Awards Union; Member, Executive Committee, The Punjab Co-operative Union, Lahore; Member, Executive Committee, The Punjab Provincial Co-operative Bank, Lahore; Has been a member and Vice-President of the Municipal Committee, Montgomery.

Noor Mohammad, Mian, Sajjadanashin, Muafidar and Lamberdar; b. 1908; Spiritual Leader, Qadria Dynasty of Sufis; Munshi Fazil; Organiser and Honorary Secretary, the Village Co-operative Thrift and Credit Society; Rendered great help in the organisation of the Co-operative Consolidation of Land Holdings Society of his village; Approved arbitrator of the Co-operative Department; Address:—Village Hissowal, P. O. Dakha, Tahsil Jagraon, District Ludhiana.

Nur Ahmad, Mian, Zaildar; b. 1895; President, The Village Co-operative Thrift and Credit Society; Director, The Central Co-operative Bank, Multan; Representative to the General meeting of the Punjab Co-operative Union, Lahore; Awarded several Sanads and Certificates for his help to the Co-operative Movement; Address:—Village and P. O. Khanpur Sharif, District Multan.

Rajinder Singh, Thakur, Rai Sahib; b. 1886; Organiser of local Co-operative Thrift and Credit Society; President, The Co-operative Cho Reclamation Society, Panjavar; President, The Co-operative Cattle Breeding Society, Panjavar; President, The Co-operative Veterinary First Aid Centre; President, The Panjavar Co-operative Union; Director, The Central Co-operative Bank, Hoshiarpur; Awarded a square of land in Nili Bar; Approved arbitrator of the Co-operative Department and Revenue and Judicial Courts; Address:—Panjavar, District Hoshiarpur.

Sadhu Chand Vinyek, Doctor; M.B.B.S., b. 1903; Director, The Central Co-operative Bank, Ferozepur for the last 11 years; its Joint Honorary Secretary for two years and Honorary Secretary for the last six years; Representative of the Central Co-operative Bank, Ferozepur to the general meeting of the Punjab Co-operative Union, Lahore and Punjab Provincial Co-operative Bank, Lahore for the last five years; Awarded Sanads and Certificates for services rendered to the Co-operative Movement; Address:—Mahesh Chand Street, Ferozepur City.

Sahib Singh Mann, Sardar, Sardar Sahib, Landlord, Mananwala, District Sheikhpura; b. 1892; Vice-President, Mananwala Co-operative Banking Union since 1920; President, Co-operative Commission Shop, Churhkana; Vice-Chairman, The Central Co-operative Bank, Sheikhpura since its registration; Member, Executive Committee, The Punjab Co-operative Union, Lahore and the Punjab Provincial Co-operative Bank, Lahore for the last several years; Member, Red Cross Society; St. John Ambulance Association; Prisoners' Aid Society; Rendering services to the cause of education and rural uplift.

Sardar Khan, Chaudhuri; b. 1898; President, The Co-operative Thrift and Credit Society, Chillianwala; The Co-operative Better Living Society, Chillianwala; The Co-operative Ghee Sale Society, Chillianwala; Chief Director, The Co-operative Commission Shop, Mandi Bahaiddin; Director, Central Co-operative Bank, Gujrat; The Co-operative Execution of Awards Union, Mandi Bahaiddin; Address:—Chillianwala, District Gujrat.

Sardar Khan, Raja, Landlord and Rai of Pinanwal; b. 1901; President, The Co-operative Thrift and Credit Society; The Co-operative Better Living Society; and the Co-operative Vegetable and Fruit Growers' Society, Pinanwal; President, The Co-operative Execution of Awards Union, Pind Dadan Khan; Honorary Secretary, The Central Co-operative Bank, Pind Dadan Khan; Member, Executive Committee, The Punjab Co-operative Union, Lahore; Member, Executive Committee, The Punjab Provincial Co-operative Bank, Lahore; Helped in the consolidation of the fields of his own and neighbouring villages. Address:—Village and P.O. Pinanwal, Tahsil, Pind Dadan Khan, District Jhelum.

Sham Lal Kaistha, Lala, M.A., LL.B., Rai Sahib; Dharamasala, Kangra District; b. 1877; Pioneer of the Co-operative Movement in the Kangra District; President, The Co-operative Thrift and Credit Society, Nagrota Bagwan for the last four years; Honorary Secretary, Kangra Central Co-operative Bank, Dharamasala from the date of its registration, 1920; Member, Executive Committee, The Punjab Co-operative Union, Lahore; Member, Executive Committee, The Punjab Provincial Co-operative Bank, Lahore for the last 13 years; Address:—P.O. Nagrota Bagwan, Kangra District.

Sham Singh, K., Government Jagirdar, District Darbari; b. 1897; Organised Co-operative Societies in the illaqa; President, The Co-operative Thrift and Credit Society, Kot Khai; President, The Co-operative Fruit Growing Society, Pandli; The Co-operative Sheep Breeding Society, Pandli; The Co-operative Bee-Keeping Society, Chewar; Director, The Co-operative Banking Union, Kot Khai; Served as a Commissioned Officer of the Indian Army in the Afghan War 1919; Address:—Kot Khai, District Simla.

Uggar Singh Gill, Sardar; b. 13th January, 1896; Helped in starting the Co-operative Movement in Kharar Tahsil; Director, The Rupa Central Co-operative Bank for 9 years; Member, Executive Committee, The Punjab Co-operative Union, Lahore; Member, Executive Committee, The Punjab Provincial Co-operative Bank, Lahore; Awarded G. S. Medal, Victory Medal and Afghan War Medal of 1919; Address:—Jhingran Kalan, P.O., Kurali.

SIND

(No information under the head 'Who is Who' has been received from Sind. We publish therefore the names of those Co-operators to whose activities reference has been made in the latest administration report of the Registrar and other reports).

Bedekar, G. V., B.Sc., I.C.S., Registrar of Co-operative Societies in Sind till April 1941.

Bulchand, Rao Saheb; Managing Director, Hyderabad Amils Co-operative Bank, Karachi.

Dost Muhammad, Md. Saban Memon; Khan Sahib; Hony. Organiser of Co-operative Societies in charge of the District of Nawabshah.

Kishinchand, P. Vaswani; Hony. Organiser of Co-operative Societies in charge of the district of Thar Parkar.

Mehta, Jamshed, N. R., b. 1886. Was president of Municipality for some time; Asst. Provincial Commissioner of Scouts in Sind; Chairman, Buyers' and Shippers' Chamber; Vice-Chairman, Karachi Port Trust; Chairman, Sind Central Co-operative Bank; Promoted the formation of Urban Co-operative Banks and other Central District Banks in Sind; Chairman, Lloyd Barrage and Canals Construction Scheme Advisory Committee; Chairman, Sind Provincial Co-operative Bank for some time; Member, Standing Committee, Indian Provincial Co-operative Banks' Association for some time; President, All-India Co-operative Conference held at Bangalore 1937; Hony. Liquidator, Karachi Urban Co-operative Bank.

Memon, Y. A., B.A., LL.B., Registrar of Co-operative Societies, Sind.

Shivrathan Mohatta, R. B., Chairman, Sind Provincial Co-operative Bank, Karachi; Member, Standing Committee of the Indian Provincial Co-operative Banks' Association.

Syed Ghulam Nabi Shah; Khan Bahadur; Director, Mirpurkhas Zamindari Co-operative Bank.

Wadero Allahdino Muhammad Sidik Memon; Hony. Organiser of Co-operative Societies in charge of Karachi District.

UNITED PROVINCES

Banerji, A. K., B.A., LL.B., b. 1890; Advocate in the Allahabad High Court; Elected Director of the District Co-operative Bank, Mirzapur, 1928; Member of the Provincial Committee since 1932.

Brij Nandan Lal, Rai Bahadur, Bar-at-Law, b. 1892; A leading Advocate and Zemindar; Founded the District Co-operative Bank, Farrukhabad, 1918; Hon. Managing Director since then; Member, old standing committee of co-operators for several years; Chairman, Reception Committee of the 13th session of U.P. Co-operative Conference, 1927; Toured Europe 1928 to see co-operative institutions; Member, U.P. Legislative Council, 1930-36; Chief whip of the Nationalist Party in the U.P., Council; Member, Provincial Committee of the Co-operative Union since its inception; Executive Committee of the Union for six years, and All-India Co-operative Institutes' Association for some time; Represented U.P. at the Registrar's Conference one year.

Brij Kishore, B.A., LL.B., Rai Sahib, Leading Advocate of Moradabad; Honorary Director of the District Co-operative Bank, Moradabad, 1928-40; Director for over 22 years; Sponsored the grain scheme of repayments and expanded the other activities of the Bank such as village welfare, education, sanitation, better living, irrigation etc.

Chaturvedi, L. N., B.Sc., b. 1889; Joined the Co-operative Department as Inspector, 1914; granted a sanad for meritorious work by Sir Harcourt Butler; Orga-

nised the co-operative movement in the Meerut Division; the first to start consolidation of holdings work in the province; Appointed Assistant Registrar 1933; Organised and developed ghee societies; served on two committees, one appointed by the Government and the other by the Registrar.

Chaturvedi, Radhe Lal, Pandit B.A., Rai Bahadur, b. 1886; Deputy Collector, 1911-1921; Second Assistant Registrar, Co-operative Societies, 1921; Deputy Registrar, 1932; Officiating Registrar, Co-operative Societies, 1932, 1935, and 1938; Magistrate and Collector, 1938; Permanent Registrar, 1939; Ex-officio President of the U. P. Co-operative Union, 1939-41; Responsible for the organisation of land mortgage societies; Retired as Registrar Jan. 1941.

Chiranji Lal, B.A., Rai Bahadur, b. 1874; Rais and Managing Director, Etawah District Co-operative Bank; Served in the Gwalior State for 14 years; Worked for the co-operative movement in Etawah; Managing Director the District Bank in 1922; Made special efforts to organise better living, ghee, gur, and weavers' societies; Awarded Rai Sahib, 1926.

Chishti, Mohammad Hamid, Khan Saheb, b. 1896; Member, District Board, Gorakhpur, since 1920; Chairman, Education Committee for six years till 1932; Director, Central Co-operative Bank, Deori-Kasia since 1924; Managing Director since 1935; Pioneer in establishing the cane marketing board, 1934; Member, Provincial Co-operative Union for the last six years; Member, executive committee for the last three years; Member, All-India Co-operative Institutes' Association; and Member of its Legislative Sub-Committee.

Drake Brockman, Digby Livingstone, I.C.S., Sir, C.S.I., C.I.E., b. Dec., 1877; Assist. Magistrate and Collector, Muttra, Gorakhpur, Agra 1901-04; Assistant Settlement Officer, Banda, 1905-08; Assistant Editor, District Gazetteers, 1908-09; Settlement Officer, Allahabad, 1912-15; Assistant Registrar, Co-operative Societies, 1916-17; Settlement Officer, Saharanpur, 1917-20; Member, Regency and State Councils, Jodhpur and Rajputana States, 1920-29; Commissioner, Fyzabad, 1929-32; Bareilly, 1932-33; Member, Board of Revenue, 1933-36; Chairman, U.P. Public Service Commission since 1937; Retired 1936; Address:—Allahabad.

Ganesh Prasad, b. 1873; Honorary Managing Director, Co-operative Bank, Banda; First non-official Chairman, Municipal Board for three terms; Senior Vice-Chairman, District Board; Awarded Rai Sahib 1928; promoted the Radhasami Bank of Dayalbagh and the District Co-operative Bank, Banda.

Har Pershad, Rai Bahadur; Wakil, Bijnor; b. 1878; Organiser and Manager Dayanand Orphanage, Agra; Founded the District Co-operative Bank, Bijnor; Vice-Chairman and Managing Director for 12 years; Awarded sanads, gold medal and sword-stick; Member, British Empire Exhibition Committee, U.P., Standing Committee of co-operators, 1925; Founded Shyam Co-operative Stores, Dhampur 1926; Member, U.P. Co-operative Union, 1929; Awarded coronation medal, 1937; Secretary, Zamindar Association since 1933; Acted as editor, U.P. Co-operative Journals in Hindi and Urdu.

Hasan S. S., I.C.S., b. 1904; Joint Magistrate Farrukhabad, Budaun and Mahoba till 1936; Offg. Collector, Hamirpur till 1938; On special duty in the Co-operative Department, 1940; Labour Commissioner, 1941; Registrar, Co-operative Societies, U.P. and President U.P. Co-operative Union since January, 1941.

Jagadeshwari Prasad, b. 1887. Chairman, Municipal Board, Mainpuri; Honorary Magistrate; President, Hindu Sabha, and Sri Sudhar Vidyalaya, Mainpuri. Honorary Managing Director, the Mainpuri District Co-operative Bank.

Jagdhari, Kismat Rai, B.A., LL.B., b. 1885; Member, Oudh Bar Council, 1938-41; Director, District Co-operative Bank, for 27 years; Managing Director, for 21 years; Member, Provincial Co-operative Committee 1929; Member, Executive Committee for 6 years; Secretary, District Congress Committee, 1912-20.

Jaspal, Balwant Singh, L., b. July. 1891; Government Circle Inspector of Co-operative Societies, 1912; Deputy Collector 1918-24; Deputed to the Home Department of the Government of India as Assistant Commissioner under the administration of Andamans and Nicobar Islands, 1926; Additional Registrar of Co-operative Societies 1923; Settlement Officer and Registrar of Co-operative Societies at Port Blair 1928; Sub-Divisional Officer, Lohaghat 1930; Cane Control Officer 1934; Assistant Registrar of Co-operative Societies 1935; Permanent Deputy Registrar from 1938.

Jhingran, N. G., B.A., b. 1899; Head Master, T. G. C. Hindu School, Amroha, Moradabad 1923-24; Translator, Co-operative Department U.P. 1924-25; Honorary Secretary, U.P. Co-operative Union 1930; Inspector, Co-operative Societies 1930-39; Honorary Secretary, U.P. Officials' Co-operative Society, 1939; Honorary Secretary, U.P. Co-operative Inspectors' Association 1940-41; Honorary Secretary, U.P. Co-operative Union, since 1939; Author of contributions on co-operation and allied subjects in vernacular.

Kapur, Trilok Nath, Rai Bahadur: Fyzabad; b. 1887; Founded the Central Bank, Tanda, 1911; and Tanda Central Co-operative Stores, 1935; Member, Standing Committee on Co-operation and Provincial and executive bodies of the Union from their inception; Served on the Maqbool Hasan Committee and the improvement of cottage industries committee. Member, Municipal Board, Tanda and District Board, Fyzabad for more than two decades; First Class Special Magistrate, 1925-38; Awarded Darbar medals, 1911 and 1937; Silver Jubilee medal, 1935; Founder, the Shanti Library, Hobart High School, Kanya Pathshala and Sanskrit Pathshala, Tanda. Vice-President, Co-operative Central Bank, Tanda. Delegate to the General Body of Co-operative Union, U.P.

Kishen Dayal, Rai Saheb; b. 1868; Managing Director, District Co-operative Central Bank, Bulandshahr, 1925-1939.

Mahadeo Prasad, b. 1890. Manager, District Co-operative Bank, 1909. Inspector, Co-operative Department, 1919. Joint Secretary, Standing Committee of Co-operators, U.P. Instructor, co-operative training classes of supervisors, auditors and inspectors. Manager, U. P. Co-operative Journal. Secretary, U. P. Co-operative Inspectors' Association; Deputy Cane-Development Officer, 1935 and later served as Assistant Registrar.

Mausingh, Dalip, M.A., LL.B., Rai Sahab; b. 1896; Managing Director from 1922; Chairman since 1933, District Co-operative Bank, Fatehpur; Chairman, District Rural Development Association; Honorary Secretary, Bar Association, Joint-Secretary, District Branches of the Indian Red Cross Society and St. John Ambulance Association. Member, Provincial Committee of the U.P. Co-operative Union and its executive committee; Executive Committee of the U. P. Poultry Association. Address:—Ram Nivas, Fatehpur.

Mehrotra, Radha Mohan, LL.B., Rai Bahadur; b. 1878, Secretary, Bar Association for nearly 20 years. Honorary Managing Director, District Co-operative Bank. Honorary Secretary, Standing Committee for co-operation in U.P. Member, Executive Committee, Provincial Co-operative Union. Twice elected as delegate to the co-operative conference of Registrars, at Simla and Delhi. Awarded Rai Sahab and certificates by the U.P. Government for the services rendered to the co-operative movement in U.P. An independent political worker.

Mehta, Nanlal Channanlal, B.A., (Cantab), Bar-at-Law, I.C.S., Director of Land Records and Co-operative Credit, Gwalior Government, 1921. Director of Land Records, of Agriculture and Statistics and Inspector General of Registration, U.P. 1930-32; Secretary and sometime Officiating Vice-Chairman of the Imperial Council of Agricultural Research, 1935-38. Secretary to Government in charge of Rural Development, Agriculture, Co-operative Credit, Education, Industries and labour problems; Publications: "Studies in Indian Paintings," "Gujarathi Paintings in 15th Century," "Contribution of Islam to Indian Culture."

Misra, Chaturvedi Shiva Nath. B.A., LL.B., Orai; Director District Co-operative Bank, 1920; Honorary Managing Director of the Bank since 1921. Active member of the Provincial co-operative committee since 1935. Very prominently connected with the various social and educational institutions in the District.

Misra, J. P., M.A., B.Com., b. 1906; Lecturer, Bihar and Orissa Co-operative Training Institute, Sabour, Bhagalpur, 1929. Vice Principal 1930-34. Officer-in-charge and Lecturer, the Co-operative Training Institute, Patna, 1935-36. Editor, Bihar and Orissa Co-operative Journal and Bihar Sahityog, 1934-36. Education Inspector, Co-operative Department, U. P. 1936-38. Publicity Officer, Co-operative Department, U.P. since 1939. Publications; *Principles of Organisation of Agricultural Co-operative Credit Societies in India*; *Rural Reconstruction in Bihar and Orissa*; *Co-operation in U.P.*; *Co-operative Propaganda and Publicity*; *The Co-operative Movement—Its Meaning and Message*; Author of a number of pamphlets on co-operation and other allied subjects in Hindustani.

Misra, Shyam Behari, Dr. M.A., D.Litt., Pandit, Rao Raja, Rai Bahadur; b. 1873. Deputy Collector, U.P., 1897; Joint Registrar, Co-operative Societies 1922-24; Registrar, Co-operative Societies 1924-26; Dewan, Orchha State 1929-32, and later its Adviser in Chief; Member, Court of the Allahabad University; and Executive Council, Lucknow University; ex-President, All-India Kanyakubja, All-India Hindi Sahitya Sammelan, and Kashi Nagri Pracharini Sabha; Member, Council of State for some time. Has published several standard works in Hindi, Address:—Golagaj, Lucknow.

Mohan Lal, M.A., LL.B., Rai Bahadur; Hardoi. b. 1873; Honorary Assistant Collector (First Class), 1919-38. Member, Hardoi Municipal Board since 1909 and later served as vice-chairman and chairman for a long time. First non-official Chairman of the District Board. Vice-Chairman, District Co-operative Bank, Hardoi for many years. Chairman, Agricultural Supply Society, Hardoi. Member, Provincial and Standing Committees of Co-operators. Represented U.P. at the All-India Registrars' Conference held at Simla, 1918. Acted as Secretary of the District Charitable Relief Fund for several years. Member, Legislative Council since 1927.

Mukherjee, B., b. 1892. Reader in Economics and Sociology, University of Lucknow; Professor of Economics, Ripon College, Calcutta, 1912-14. Research scholar in Indian Finance, Government of Bengal, 1914-17. Lecturer in Economics, University of Calcutta, 1917-21. Professor of Economics, Diocesan College for Girls, Calcutta. Enrolled as an advocate of the High Court, Calcutta, 1927. Life Fellow, Royal Economic Society, London. Member. American Economic Association; Indian Science Congress, 1922-28; Standing Committee of Co-operators in U.P., 1929-41; Provincial Co-operative Committee, U.P., General Body, U.P. Co-operative Union. Editor:—*The U. P. Co-operative Journal* since 1925. Awarded Rai Bahadur, 1941. Publications: *Co-operation in India—Its Meaning and Message*; *The New Yellow Peril*; *Co-operation in Retreat*, etc. Address:—Woodlands, Badshabag, Lucknow.

Murtaza Ali, Khan Saheb; b. 1888. Inspector, Co-operative Societies. 1911. Deputed on special duty in connection with the MacLagan Committee, 1914. Assistant Registrar, 1927. Started Rural Reconstruction work in Masodha area, 1929; Awarded certificate of merit by Sir Harcourt Butler and coronation medal.

Inamur Rahman, B.A., b. 1889. Inspector, Co-operative Societies, 1914. Assistant Registrar, 1929. Awarded certificate of merit by H. E. the Governor, 1921. Primarily responsible for the development of ghee unions and societies in Agra and Meerut Divisions, the cattle breeding society and the motor transport society in Meerut.

Sapru, Parmeshwar Nath. Rai Bahadur; b. 1879. Advocate, Chief Court of Oudh. Director, District Co-operative Bank, Fyzabad since 1910; Managing Director since 1922. Honorary Secretary, Co-operative Land Mortgage Society, Fyzabad. Member and Vice-President of the Provincial Co-operative Committee and Executive Committee; President, Fyzabad Bar Association, for 7 years. Member, Jurors committee, U.P. 1938; The Council of All-India Liberal Federation; Senior vice-chairman, District Board; Member, Municipal Board.

Satyra Prakash, M.A., LL.B., b. 1902. Entered co-operative department, U.P. 1927. In charge of the U.P. Co-operative Training Institute, Partabgarh, 1931-40. Honorary Secretary, U.P. Co-operative Inspectors' Association, 1935-39 and again since January 1941. Circle Officer, Partabgarh.

Shyam Sundar Lal, B.A., B.Sc., LL.B., b. 1868. Served in the Educational Department for ten years. Secretary and President, local Arya Samaj. Secretary and Vice-President. U.P. Representative Body of Arya Samajees. Member, All-India Aryan League. President of the District Temperance Association since 1924.

Vice-Chairman, the District Co-operative Bank, Mainpuri, 1909-30; and now, Member of its Working Committee; Member, the U.P. Co-operative Body

Singh, Kunwar Sir Maharaj, M.A., (Oxon), Bar-at-Law, C.I.E., b. 1878. Entered U.P. Civil Service, 1904. Officiating Registrar, Co-operative Societies, U.P. 1909-10. Assistant Secretary, Government of India, Education Department, 1911. Magistrate and Collector, Hamirpur, U.P. 1917. Deputy Commissioner, Hardoi 1918. Secretary to U.P. Government 1919. Deputy Secretary, Government of India, Education Department 1920-23. Deputy Commissioner, Bahraich 1923. Commissioner, Allahabad 1927; Benares, 1928; Allahabad, 1929; Chief Minister, Jodhpur, 1931. Agent General to the Government of India in South Africa, 1932-35. Member, U.P. Legislative Assembly, 1937; Member, Executive Council, U.P. Government, 1935-37. Vice-chancellor, University of Lucknow 1941. Publications: Annual Reports on Co-operative Credit Societies in U.P. 1906-09, 1909-10; Reports on Indians in Mauritius, British Guiana and in South East Africa.

Srivastava, Jagannath Prasad, B.A., F.S.S., F.R.E.S., b. 1892. Research Assistant, Economics Department, Allahabad University, 1916-19. Director of Labour Supply under Shaw Wallace and Co., 1917. Junior Assistant Registrar, Co-operative Department, U.P., 1920, Deputed to the Improvement Trust, Allahabad to conduct a civil survey 1923-24. Assistant Secretary; Senior Research Assistant Indian Economic Enquiry Committee, 1925. Assistant Registrar, Bareilly, 1925-26. Permanent Assistant Registrar, 1927. Member, Literacy Subcommittee, 1940; Member, Advisory Board of U.P. Handicrafts, 1941. Deputy Registrar of Co-operative Societies, 1940. Publications: Labour supply from Allahabad and adjoining districts; Development of cottage industries in U.P. Report on area of survey of Allahabad Town; Enquiry into the cost of production of cotton, potato and sugar-cane crops; cost of wheat from market to Port; other pamphlets in Hindi.

Srivastava, Jwala Prasad; Dr., D.Sc., (Agra), D.Litt., (Lucknow), M.Sc.Tech. (Vict.), A.M.S.T., M.L.A., b. 1889. Proceeded to England as Government State Technical scholar 1908; Appointed as Industrial Chemist under the U.P. Government 1912; Served in the Defence Force and in the Indian Munitions Board; Gave up Government service and took up private business 1919; Member, U.P. Legislative Council 1926 and again 1930; Chairman U.P. Simon Committee 1928; Minister of Education U.P. 1931; Awarded Kt. 1934; Minister for Finance and Industries 1937; Director of various Industrial Concerns U.P., Address:—'Kailash', Cawnpore.

Srivastava, Mahabir Prasad, b. 1888. Joined the Bar, 1913. Director, Kasia Co-operative Bank, 1918; and its Managing Director, 1919-1927; Managing Director, Deoria-Kasia Central Bank, 1933-35. Started cane marketing Board, 1937. Vice-Chairman of the Bank, 1927-33 and since 1938. Address:—Kasia (Gorakhpur).

Vishnu Sahay, I.C.S., b. 1901. Deputy Commissioner, Partabgarh, 1929-33. Registrar, Co-operative Societies, 1934-39. Director of Agriculture and Cane Commissioner.

Yusuf Nawab, Muhammad, Sir, Bar-at-Law; Member, Legislative Council, since 1921. Minister in charge of the Co-operative Department 1926-37. Address:—57, New Berry Road, Lucknow.

Zakaullah Khan, Khan Bahadur, Aboo Abdullah Muhammad, M.A., b. 1878; Joined the Provincial executive service as Deputy Collector. Deputy Registrar, Co-operative Societies, U.P., 1924; Officiating Registrar, Co-operative Societies, U.P. 1929. Magistrate and Collector, 1929. Went to Europe and studied the rural system of education in Denmark, 1931. Representative of U.P. Government in the Council of State, 1931; Member Legislative Assembly, 1934.

AJMER-MERWARA

Gupta Chunna Lal; Joint Secretary, The Ajmer Central Co-operative Bank, 1910-12; Director, 1921-23; 1931-35; 1936-37; Hony. Secretary, 1923-31; 1937-39 and Vice-president, 1939-40.

Kedar Nath Munshi; Income-tax Officer, Ajmer; President, Kayasth Co-operative Banking Society, Ajmer.

Latif, Seth Abdul, Khan Sahib; Director, Ajmer Central Co-operative Bank since 1923; President since 1936.

Mathur, Bhanwar Lal; Inspector Co-operative Societies for sometime; Appointed Registrar of Co-operative Societies, Ajmer—Merwara, Ajmer, 1933; An enthusiastic co-operator.

Mathur, Bijay Raj; Had been Director and Hony. Secretary, The Ajmer Central Co-operative Bank for 16 years. A prominent non-official worker of the District.

Mohammed, Choudhari Fatch; Inspector of Co-operative Societies, Ajmer; Served the Co-operative Department for more than 25 years; Acted as Registrar of Co-operative Societies more than 5 times on various occasions. An experienced co-operator.

Rambell, B. D., President, Indian Presbyterian Church Co-operative Bank, Ajmer for a number of years. Hony. Secretary, Christian Co-operative Housing Society; Director, The Ajmer Central Co-operative Bank since 6 years.

Sharma, Bijay Lal, Pandit; President, the Kekri Co-operative Union since its inception.

Simlote, Debi Narain, Advocate; Hony. Secretary, The Ajmer Central Co-operative Bank; Director since 1938. An young and enthusiastic co-operator.

Tara Chand, Seth; Hony. Magistrate, Nasirabad; President, Nasirabad Central Co-operative Bank, now converted into a Banking Union, since its inception in 1913.

COORG

Belliappa, P. I., President, Coorg Co-operative Central Bank, Mercara; President of the Bank for the last 5 years; Represented Coorg as a non-official delegate at the All-India Registrars' Conference 1939; Editor of the local weekly, 'The Kodagu.'

Chengappa, P. M., Dip., Econ., C.H.D., (Manch), F.R.E.S., (London); Registrar of Co-operative Societies, Coorg, Mercara; Registrar of Joint Stock Companies, Trade Unions and Firms; The Provincial Marketing Officer; Ex-officio Secretary of the Provincial Rural Development Board; Has secured the Honours Diploma in Co-operation and Social Science at the College of Co-operation, Manchester; Studied the Co-operative Movement in England, Ireland and the Continent.

Karumbayya, K. C., Honorary Secretary, Coorg Co-operative Central Bank, Mercara; Director of the Coorg Co-operative Central Bank for over 10 years; Honorary Secretary since two years.

Pritchard, J. W., I.C.S., Chief Commissioner of Coorg; Head of the Provincial Government; The final Appellate authority under the Coorg Co-operative Societies, Act II of 1936.

Uthappa, K. T., B.A., Assistant Commissioner and District Magistrate, Coorg; Registrar of Co-operative Societies till 31-7-41; Now the authority for ordering liquidation of societies, supersession and surcharge of the committees under the amended Coorg Co-operative Act I of 1941.

Uthappa, P. M., B.A., L.T., President, The Coorg Honey and Wax Producers' Co-operative Society, Virajpet, South Coorg; President of the Society ever since its inception in 1936; President of the local Supervising Union.

INDIAN INDIA

BARODA

Desai, Manikhai Vasanji, B.A., LL.B., b. 1894; Government Pleader; Baroda High Court; President, Baroda Co-operative Land Mortgage Bank since its inception in 1933; President, Baroda Central Co-operative Bank, Baroda; Member, Baroda State Legislative Council; President, Shree Fatchsinh Rao Orphanage Institution for a number of years; Member, Board of Trustees, Shree Sayaji High School, Baroda for a very long time; Deputed by the Baroda Government to attend the All-India Co-operative Registrars' Conference held at Delhi 1939; Member, Conciliation Committee, Farmers Debt Relief Committee, Baroda State Banking Enquiry Committee. Address:—Race Course Road, Baroda.

Joshi, Mahadev Mukund; Pleader; Veteran Co-operator; Responsible for starting the Government Legislative Department Servants' Urban Society at Baroda; Urban Co-operative Bank in Dabhoi and another Society in Patan. Address:—Dandia Bazar, Back Chitre's Wada, Baroda.

Krishnamachari, Sir Vangal Thiruvenkata: B.A., B.L., Rao Bahadur, K.C.I.E., b. 1881; Dewan, Baroda State since 1927; Awarded Kaiser-i-Hind gold

medal 1896; Under Secretary to Government of Madras, 1916-18; Collector of Ramnad, 1923-24; Secretary, Government Law Department 1924-27; Substitute delegate to Round Table Conference, 1930; Member, Provincial Constitutions and Federal Structure Committees, 1931-32; Delegate to second and third Round Table Conferences; Delegate to the Joint Parliamentary Committee; Member, Reserve Bank Committee; Conferred C.I.E., 1926 and Knighthood 1933; Delegate, Assembly of the League of Nations, Geneva, 1934-36; Introduced many improvements in the administration of the State; A staunch co-operator and takes keen interest in the co-operative movement of the State; Under his able guidance and wise suggestions, the co-operative movement is progressing well in the State; Address:—Dilaram, Baroda.

Nanavati, Manilal Balabhai; B.A., LL.B., A.M. (Penn.) U.S.A.; b. Jan. 1877; Deputed to America for study of Practical Economics, Banking, Insurance, Co-operation, Finance, etc.; Joined Baroda State service as a Probationer in Judicial Department and worked as Magistrate at various Mahals till 1907; Ag. Director of Commerce, 1912; Director of Commerce and Registrar of Co-operative Societies, 1915; Director of Commerce, Excise Commissioner and Development Commissioner 1922; Secretary and Chief Officer, Highness the Maharaja Saheb's XIV Europe trip, 1922; Suba, Navsari District 1924; Went to Europe for study of Port Problems, 1928; Ag. Sar Suba, 1929, Confirmed as Development Commissioner; President, Harbour Board, Port Okha; Accountant General 1930-31; Sar Suba 1932; Naib Dewan (Karma Sachiv) and Ex-Officio Huzur Kamdar, 1933; Placed on special duty to report on Agricultural Indebtedness in the Baroda State; Worked as member on the Committee regarding consolidation of small and scattered holdings in the Baroda State; President, Land Mortgage Bank Committee, Banking Enquiry Committee, Federal Subjects Committee, etc., Awarded "Arunaditya" by the Government of the Baroda State for his meritorious services; Deputy Governor, Reserve Bank of India, for some time.

Parikh, Girdharlal Dosabhai; B.A., LL.B., b. 1875; Director and President, Baroda Co-operative Bank for 18 years; Director, Baroda Co-operative Land Mortgage Bank; the Bank of Baroda; Nominated Member, Baroda Legislature; Member, Baroda Co-operative Institute; Appointed Government Pleader 1915; Member, Baroda Municipality 1908; Awarded the title of "Raj Ratna" by the Baroda Government. Address:—Rajmahal Road, Baroda.

Patel, Bahilalabhai Jesimbhai, B.A., LL.B., b. 1902; Honorary Co-operative organiser for some years; Honorary Secretary, Baroda State Co-operative Institute for the last five years; Member, All-India Co-operative Institutes' Association; Baroda Municipality; Baroda District Local Board; Director, Baroda Central Co-operative Bank; took leading part in organising the Kanam Educational Bank; Editor of a monthly magazine 'Gramjivan' on Rural Life and Co-operation etc.; General Secretary, All-India Local Self-Government Conference held at Patna in 1940. Address:—Dandia Bazar, near Police Gate, Baroda.

Patel, Lalubhai Kishorbhai, Pleader, Karjan; b. 1887; Vice-President Baroda State Co-operative Institute; Member, Baroda Co-operative Land Mortgage Bank; President, Kanam Educational Bank; Member of different co-operative societies working at Karjan and specially interested in purchase and sale socie-

ties; Member, Legislative Council, Baroda; Entered Government service, (1906); Member, Taluka and District Local Boards for several years. Address:—Karjan, Baroda District.

Patel, Naranbhai Bodabhai, b. 1887. President, Co-operative Society, Kadodra, since 1912; President, Kodinar Co-operative Banking Union for ten years and now one of the Directors; Director, Baroda State Co-operative Institute. Address:—Kadodra, Taluka Kodinar, Kathiawar.

Rattanji Daboo, Dinshaw, Raj Ratna, B.A., Zamindar; b. 25th September, 1835; Representative, Baroda Government at the All-India Co-operative Conferences at Delhi and Calcutta; Elected Member, Baroda Legislative Council, 1918-1925 and nominated by Government from 1940 onwards; Member, Municipality from 1914 onwards; The first elected President from 1923 to 1925, again from 1934 to 1936; Member, District Local Board from 1917 onwards; Vice-President for 7 years; Elected first non-official President 1939; Director, District Co-operative Bank since 1922 for 19 years; its first non-official elected President for 17 years since 1924; Founded the District Co-operative Land Mortgage Bank in 1938 and has been its President since; Member, The Baroda Banking Inquiry Committee; Baroda Education Board; Agricultural Improvement Committee; Baroda Economic Board; Central Communication Board; Awarded 'Raj Bhusan' and a silver medal 1927; title of 'Raj Ratna' with a gold medal and 'Poshak' by the Baroda Government, 1936. Address:—Loonsi Kui, Navsari.

Tambe, Gangadhar Madhav, B.A., LL.B., Raj Ratna; b. 1882; Director, Anyonya Sahayak Sahkari Mandali since 1916; President now; President, Baroda Co-operative Insurance Society, Mehsana; Vice-President, Baroda Co-operative Institute; Appointed Government Assistant Pleader in High Court 1938; Published the Baroda Law Reports for 10 years; Awarded the title of 'Raj Ratna'. Address:—Kharivava Road, Baroda.

COCHIN

(N.B.—No other Particulars are furnished—General Editor).

Achutha Menon, C. P., B.A., Secretary, Cochin Land Mortgage Bank.

Achutha Menon, K., President, Ernakulam Town Co-operative Society.

Achutha Panickar, V. M., B.A., B.L., Advocate; President, Cranganur Town Co-operative Bank.

Alakappa Chettiar, R. M., President, Cochin Textiles Co-operative Stores.

Ananthakrishna Iyer, K. V., President, Nemmara Co-operative Society.

Antha, K. J., President, Edacochi Co-operative Society.

Anthony, K. M., President, Mattom Co-operative Society.

Anfis, K. M., President, Tatapuram Co-operative Society.

Appunni, K. A., President, Mattathur Co-operative Society.

Chakkanat Govinda Kaimal, B.A., B.T., President, Palluruthy Co-operative Society.

Cheekkunni, P. M., President, Perumpilli Marana Vasya Co-operative Society.

Cherian, K. T., B.A., L.T., President, Mulanthuruthy Government Servants' Co-operative Society.

Cherunni Raja, C. A., President, Kunnankulam Home Industrial Co-operative society.

Chevalior Antony, C. V., B.A., B.L., K.S.G., Rao Sahib; President, Cochin Land Mortgage Bank and Retired Chief Justice of the Cochin High Court.

Damodaran Biantathiripad, P., President, Pozkulam Co-operative Society.

Damodaran Nambiar, V. N., B.A., B.L., M.L.C., President, Thaikoodam Rural Reconstruction Co-operative Society.

Francis, A. D., President, Cherpu Carpenters' Co-operative Society.

George, G., Rev. Fr. Thotakat; President, K-ruthedom Maranavasya Co-operative Society.

George, Mrs. K. M., B.A., L.T., President, Cochin Teachers' Benefit Fund Co-operative Society.

George, P. R. Dr., President, Trichur Municipal Council Employees' Co-operative Society.

Gorijavallabha Menon. V. K., Dr., President, All-Cochin Bee-Keepers' Co-operative Society.

Govinda Pal, N. B.A., M.L.C., President, Mattanchery Saraswath Co-operative Society.

Govinda Pillai, K., President, Veliyanad Rural Reconstruction Co-operative Society.

Hanumanthachar, C. K., B.A., B.L., L.T., President, Mattanchery Government Servants' Co-operative Society.

Issac, V. I., President, Veliyanad Co-operative Society.

Iyer, D. D., President, Tatapuram Co-operative Stores.

John Blair Skea; President, Burmah Shell Employees' Co-operative Society.

John. K. V., B.A., Secretary, Cochin Central Co-operative Bank.

John Palakkath, Rev. Father, President, Mulanthuruthy Co-operative Society.

Joseph, K. J., President, Mulanthuruthy Group Aided Teachers' Co-operative Society.

Joseph, M. P., Dr., President, Kunnankulam Government Servants' Co-operative Society.

Joseph, Manjooran, V., M.A., L.T., President, St. Albert's High School Employees' Co-operative Society.

Karunakara Menon, A., B.A., L.T., President, Vivekodayam Samajom Co-operative Society.

Karunakaran Nair, K., President, Maharaja's College Co-operative Society.

Kerala Varma, B.A., 9th Prince; President, Poornathraisa Vilas Stores Co-operative Society.

Kochukunhan Kaimmal, K., B.A., B.L., M.L.C., Secretary, Cochin Cottage Industries Marketing Society.

Kochunni Menon, K. P., President, Karuppadanna Rural Reconstruction Co-operative Society.

Krishna Iyer, C. S., President, Ayloor Co-operative Society.

Krishnan Ezhuthassan, C., President, Chelakkara Co-operative Society.

Krishnaswami Iyer, T. K., Dr., President, Ernakulam Municipal Employees' Co-operative Society.

Kunhayyappan, T. K., President, Karamukku Co-operative Society.

Kunhunny Marar, K., B.A., President, Trichur Government Servants' Co-operative Society.

Kunhuni Nair, P., President, Nedumpura Co-operative Society.

Kunjan Bava, E. A., President, Edavilanga Co-operative Society.

Kunjathu, K. O., President, Pengamukku Co-operative Society.

Kunjumohammad Hajee, K. M., President, Loka Maleswaram Model Panchayat Co-operative Society.

Kuru, E. P., President, Mulanthuruthy Co-operative Union.

Kuttappa Pillai, B. P., President, Kanjiramittom Pattaria Co-operative Society.

Madhava Menon, P., B.A., B.T., Hony. Secretary, Cochin Central Co-operative Institute.

Madhava Menon, P. K., President, Chowarah Co-operative Society.

Madhava Menon, V., President, Peringottukara Co-operative Society.

Madhavan Nair, A., President, Kandassankadavu Co-operative Society.

Mannadiar, C. V., President, Forest Tramway Co-operative Society.

Meenakshikutty Ammal, T. V., President, Amballur Vanitha Co-operative Society.

Mohammad, V. A., President, Edavanakkad Co-operative society.

Narayana Iyer, G. R., President, Ernakulam Government Servants' Co-operative Society.

Narayana Iyer, K. G., B.A., B.T., President, Irinjalakuda Government Servants' Co-operative Society.

Narayana Kaimmal, O., President, Vaittila Group Aided Teachers' Co-operative Society.

Narayana Kurup, K., President, Kanippayyur Co-operative Society.

Narayana Menon, K., M.A., C.H.D., (Manchester), Registrar of Co-operative Societies, Trichur.

Narayana Menon, T., B.A., Dip. in Forestry (Oxon); Conservator of forests; President, 'Tramway Employees' Co-operative Stores.

Narayana Poduval, A., President, Kodakara Model Panchayat Co-operative Society.

Ouseph, C. A., B.A., B.L., Advocate; President, Trichur Town Christian Co-operative Bank.

Padmanabha Menon, P. M., President, Pattanchery Co-operative Society.

Parameswaran Namboodiri, K. N., President, Manaloor Co-operative Society.

Parameswaran Namboodiripad, K. M., President, Killimangalom Co-operative Society.

Parameswara Iyer, T. A., President, Cranganur Government Servants' Co-operative Society.

Panickar, C. S., President, Chittur Tathamangalom Co-operative Society.

Paul Samkoorikal; President, Narakkal Government Servants' Co-operative Society.

Pulikal Govinda Menon; President, Anthikad Co-operative Society.

Rama Iyer, N. S., B.A., L.T., President Cochin Central Co-operative Institute.

Ramakrishnan, C., President, Ochanthuruthu Thorzhilali Co-operative Society.

Rama Menon, T. K., President, Chennamangalom Co-operative Stores.

Raman, A. R., President, Chittur Revenue Department Government Servants' Co-operative Society.

Ramanatha Iyer, A. V., B.A., LL.B., Advocate; President, Oriental Marketing Co-operative Society.

Raman Menon, P., M.A., B.L., Government Pleader; President, Trichur Town Co-operative Society.

Raman Menon, T. K., B.A., President, Chennamangalom Co-operative Society.

Raman Nair, K. T., President, Cheruthuruthy Co-operative Society.

Raman Nair, T., President, Ayloor Nair Samajom Co-operative Society.

Ramunni Menon, Kottayil; President, Chiyaram Rural Reconstruction Co-operative Society; Retired Conservator of Forests.

Sahasranama Iyer, S., President, Trippunithura Government Servants' Co-operative Society.

Sankarankutty Earriar, E., President, Marathakara Rural Reconstruction Co-operative Society.

Sankara Menon, C., President, Wedakkanchery Government Servants' Co-operative Society.

Sankaran Nair, E., President, Peringandur Co-operative Society.

Sankunni Nambidi, M., President, Viyyur Co-operative Society.

Satchit, T. M., President, Palluruthy Co-operative Union.

Sivarama Menon, K., President, Cranganur High School Co-operative Stores.

Sivarama Menon, K., President, Thiruvillamala Co-operative Society.

Sreedhara Menon, K., M.A., LL.B., B.Com., Business Manager, Cochin Cottage Industries Marketing Society.

Sreenivasa Iyer, N. G., (Ex-officio) President, Nemmara High School Students' Co-operative Store.

Subramania Iyer, C. P., President, Chittur Government Servants' Co-operative Society.

Subramania Iyer, P. V., Retired Comptroller of Finance and Accounts; President, Cochin Cottage Industries Marketing Society.

Subramanian Nambudiri, E. M., President, Thalore Rural Reconstruction Co-operative Society.

Varced, C. V., President, Aranattukara Oriental Co-operative Society.

Varkki, N. K., President, Kureekad Co-operative Society.

Vasudevan Nambudripad, A. K. T. K. M., President, Cochin Central Co-operative Bank.

Yusuff Ismail Salt; President, Mattanchery Municipal Co-operative Society.

HYDERABAD

Akbar Alam Mohd., M.A., LL.B., b. 1901; High Court Vakil; Gulbarga; President, Gulbarga Urban Bank for the last 10 years; Vice-President, Co-operative Central Bank, Gulbarga; He is rendering valuable service as the Secretary of the Co-operative Mulki Industries' Association and as the President of the Shahpur Village Bank; Member, Gulbarga Municipality, the Village Uplift Board; Honorary Secretary, Temperance Society; He is a keen agriculturist and has been awarded a silver medal by the Agricultural Department for his activities pertaining to agricultural improvements in his province.

Amir Beg Mirza; b. 1891; Vakil, High Court; Mahboobnagar; He is an enthusiastic co-operator and is doing honorary work in the Co-operative Movement for the last 17 years; Secretary, Co-operative Central Bank Mahboobnagar; Member, District Rural Reconstruction Board; and the District Local Fund Board.

Aravamudu Aiyengar, S., B.A., B.L., Dewan Bahadur; b. 1874; Advocate, High Court H.E.H., the Nizam's and Federal Court India; He is an enthusiastic co-operator taking a keen interest in all the activities of the movement since its inception; President, Hyderabad Co-operative Dominion Bank, Hyderabad and Vice-President, Central Co-operative Union; Presided over the Indian Co-operative Conference and the Madras Provincial Co-operative Conference; Member, Co-operative Finance Enquiry Committee; and Rural Reconstruction Board; President, Hyderabad Reforms Committee.

Azam, S.M., M.A. (Cantab.), B.Sc.; F.C.S.; Vice-President, Hyderabad Dominion Co-operative Bank; Principal, City College; Agricultural Director of Public Instruction, representing the City College Co-operative Credit Society.

Chhote Lal Rai, b. 1862; Was elected Secretary of the Central Bank, Aurangabad at the time of its inauguration and holds the post till now. When an Urban Bank was established at Aurangabad he was elected its President. Member, District Local Fund Committee and Vice-President, Market Committee Aurangabad.

Devidas Rao, Gangadhar; Vakil, Parbhani; Hony. Secretary Co-operative Central Bank, Parbhani; His able guidance and zealous work has enabled the Central Bank to steer clear through the financial difficulties in which it has involved on account of the general economic depression combined with a succession of bad crops.

Fazalullah Syed, H.C.S., Registrar, Co-operative Societies.

Gangadhar Rao; Vakil; Secretary, Central Bank, Hingoli.

Gupta, L.N., H.C.S., Secretary, Hyderabad Co-operative Insurance Society; Assistant Financial Secretary; Member, Executive Committee Hyderabad Co-operative Dominion Bank representing Insurance Society.

Hamimuddin Kazi Mohd; High Court Vakil, Jalna; b. 1902; Was elected as the Honorary Secretary of the Co-operative Central Bank Jalna in 1933 which post he holds until now; Member, Debt Reconciliation Board and the Jalna Municipality.

Hussain, Hafiz Ghulam Ahmed; Vakil; Secretary, Central Bank, Bhongur.

Hussain Syed; High Court Vakil, Yadgir; b. 1890; A well-known Inamdar and a staunch co-operator; Secretary, Co-operative Central Bank, Urban Bank and the Sale Society at Yadgir; he is also a Secretary of the Lawyers' Association and a member of the Local Anti-Plague Committee.

Imtiaz Khan; Contractor; Vice-President, Central Bank, Kammam.

Kasi Rao; Vakil; Secretary, Central Bank, Nizamabad.

Kishen Chand; Prof.; M.A. (Cantab.); Director, Baldia Bank, Hyderabad (Deccan); Member, Executive Committee, Hyderabad Co-operative Dominion Bank.

Liakatulla Khan, Mohanmad, H.C.S., President, Hyderabad Co-operative Insurance Society; Financial Secretary.

Mahbub Ali, Mir; Vakil; Secretary, Central Bank, Suryapet.

Manik Rao; Vakil; Secretary, Central Bank, Osmanabad.

Mohomed Isa Syed; Vakil, Raichur, b. 1886; Secretary, Co-operative Central Bank and the Co-operative Sale Society of Raichur; With the inauguration of the Urban Bank Raichur he was elected its President and holds the post till now; Member, District Local Fund Committee.

Ramanujachary; Vakil; Secretary, Central Bank, Mahbubabad.

Raziuddin Ahmed, H.C.S., Joint Registrar, Co-operative Societies.

Razuddin; Director, Mallepalli Co-operative Housing Society, Hyderabad.

Shahabuddin; b. 1895; High Court Vakil, Nalgonda; Has been rendering valuable service to the movement for the last 10 years; Hon. Secretary, Co-operative Central Bank, The District Temperance Association and the Association for Prevention of Cruelty to Animals; Member, District Rural Reconstruction Board and the Local Fund Committee.

Shaukatullah; Director, Mallepalli Co-operative Housing Society, Hyderabad.

Venkat Rao, A. H., Secretary, Prudential Co-operative Central and Urban Bank, Secunderabad.

INDORE

Aiyar, V. R. S., Prof., M.A., M.L., Senior Professor of Law in Holkar College, Indore; Secretary of the Indore Public Service Commission; Director, Indore Premier Co-operative Bank and Indore Co-operative Central Association for several years and the convener of the Co-operative Training Classes.

Avadhoot, D. P., B.A., LL.B., A Revenue Secretary and also worked as Registrar, Co-operative Societies Holkar State for about a year; Director of the Indore Co-operative Central Association.

Bingle, B. R., Capt.; Dip. (Agric.) Wye; Registrar Co-operative Societies Holkar State, Indore for some time; Inam Commissioner, Holkar State, Indore; An A.D.C. to His Highness the Maharaja Holkar.

Bhagwat Radhabai Saheba; Shreemant Saubhagyavati; Wife of Bhagwat M. N., Dilerjung Lt.-Col., B.A., (Oxon)., Honorary A.D.C. to His Highness the Maharaja Holkar; A lady worker in the Co-operative Movement; Was a Director of the Indore Co-operative Central Association; Conducting a Women's Co-operative Society called "Mahila Vastra Bhandar"; President, Apli Sahakari Sanstha.

Bhalerao, D. G., Advocate; A leading Pleader and Co-operator; For some years the Managing Director of the Indore Premier Co-operative Bank and the President of the Indore Co-operative Central Association; A legal Adviser of the Indore Premier Co-operative Bank.

Bhandari, Seth Kanhayalaji; Raj Bhushan, Rai Bahadur; Leading Mill owner, Merchant and Banker; Director, Premier Co-operative Bank for a number of years; Patron of the Indore Co-operative Central Association.

Bhandarkar, Y. V., B.A., LL.B., Rao Bahadur; 1st Puisne Judge of the High Court; Director of the Indore Premier Co-operative Bank.

Bhate, K. T., Secretary, Indore Co-operative Central Association for a number of years; Director of the Indore Co-operative Central Association, and conducted the journal called "Sahakari Madhya Bharat" as an Editor for a few years; Director, Sanawad Co-operative Central Bank.

Chaskar, K. S., Dr., L.R.C.P., M.R.C.S., (London); Rao Sahib; Director of the Indore Premier Co-operative Bank and President of the Indore Co-operative Central Association.

Fadnis, S. W., B.A., LL.B.; A Pleader and Municipal Councillor; He was also a Director of the Indore Premier Co-operative Bank and also the Vice-Chairman of the Indore Co-operative Central Association; Legal Adviser of the Indore Premier Co-operative Bank and the Indore Co-operative Central Association.

Gole, V. G., Prof., B.Sc., LL.B., Professor of Mathematics in Holkar College; A Director and Chairman of the Working Committee of the Indore Premier Co-operative Bank and President of the Indore Co-operative Central Association.

Hiralaljee Seth, Rajya Bhushan, Rai Bahadur, M.L.C.; A leading Merchant, Banker and Mill owner; Also a Director of the Indore Premier Co-operative Bank and a Patron of the Indore Co-operative Central Association; The first non-official President of the Indore City Municipality.

Hukunchandji Seth, Raj Ratna, Sir; Leading Commercial Magnate of Central India; Director, Indore Premier Co-operative Bank, since its establishment.

Karambelkar, W. T., B.A., LL.B., Secretary, Indore Premier Co-operative Bank; Secretary, Indore Co-operative Central Association for a few years; Member, Standing Finance Committee, Indore State; Toured in British Provinces to study the working of the Co-operative Movement; Director, Indore Co-operative Central Association and Sanawad Co-operative Central Bank.

Karnik, A. G., Prof., B.A., B.L., Rao Bahadur; Senior Indian Professor, Daly College, Indore; From the beginning Director of the Indore Premier Co-operative Bank and for many years Chairman of the Working Committee of the Bank; One of the organizers of Urban Co-operative Society named 'Chandra Seniya Kayastha Prabhu Paraspar Sahakari Pat Pedhi'; One of the Directors and President of the Indore Co-operative Central Association.

Khan, A. R., M.A., LL.B., Bar-at-Law; Wafadar-i-Dowlah; Was Deputy Inspector General of Police; Director of the Indore Premier Co-operative Bank and the Indore Co-operative Central Association for number of years.

Khasgiwale, N. G., B.A., LL.B., Muntazim-i-khas Bahadur; A Jagirdar; Director of Land Records, Subha of Indore and Huzur Khajanchi of the Holkar State; For the past two years; Managing Director of the Indore Premier Co-operative Bank; Also President of the Indore Co-operative Central Association and he is at present Vice-Chairman.

Kibe, M. V., M.A., M.R.A.S., F.R.A.S., M.L.C.; Wazir-Ud-Dowlah; Rao Bahadur, Shreeman, Sardar; Jagirdar and a Sardar of the State; For several years Deputy Prime Minister of the State; Chairman of the Board of Directors of the Indore Premier Co-operative Bank from the very beginning of the movement; Presided over a number of District Co-operative Conferences and the State Conferences.

Kothari, N. G., M.A., LL.B., A Pleader and Municipal Councillor; A Director of the Indore Premier Co-operative Bank and the Indore Co-operative Central Association.

Mate, V. P., Muntazim Bahadur; Assistant Accountant General of the Holkar State, Indore; Promoter of the urban side of the Co-operative Movement.

Patil, S. G., Prof., M.A., LL.B.; Professor Christian College; Was a Director, Indore Co-operative Central Association.

Purandare, K. B., Muntazim-i-khas Bahadur; House-hold Officer, Holkar State and a Director, Indore Premier Co-operative Bank.

Puranick, K. D., Director of the Indore Premier Co-operative Bank.

Rahalkar, D. K., B.Sc., LL.B., Rai Ratan; Village Panchayat Officer; A Director of the Indore Co-operative Central Association.

Rege, M. B., B.A., LL.B., 2nd Puisne Judge of Indore High Court; Public Prosecutor and Legal Adviser of Holkar State and a Professor of law in Holkar College for sometime. Chairman of the Board of Directors of the Indore Premier Co-operative Bank.

Samvatsar, S. M., M.A., LL.B.; Vakil and Prof. of Law in Holkar College; Legal Adviser of the Bank and the Association and Member of the Working Committee of the Indore Premier Co-operative Bank and a Director of the Indore Co-operative Central Association.

Sherlekar, A. G., Rai Ratan; Manager of the Indore Premier Co-operative Bank for about 18 years; A Director and Organiser of the Indore Co-op. Central Association and a Member of the Standing Committees of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association; Convenor of the Propaganda and Education Committee of the Indore Co-operative Central Association and the Conference of Central India, Rajputana and Gwalior; Elected member on behalf of India of the International Co-operative Congress, Paris, 1937; Visited European countries and studied the Co-operative Movement there; Registrar, Co-operative Societies, Indore.

Sukhatankar, V. A., Ph.D., Director of School Education; Joined the Indore Premier Co-operative Bank as a Director and looked into the detailed working of the Bank and rural Co-operative Societies in the interior; A Director of the Indore Co-operative Central Association; Started Rural Uplift Centres.

Tambe, B. L., Assistant Registrar of Co-operative Societies; Secretary, Indore Co-operative Central Association for a number of years; Director, Indore Co-operative Central Association.

Tambe, S. L., B.A., Muntazim-i-khas Bahadur, Rao Bahadur; Founder of the movement in the State and first Registrar of Co-operative Societies; Rural Development Commissioner and officiating Revenue Minister; Presided over many Conferences and Rallies; For some time Municipal President and leader of the house in the Indore Legislative Council.

JAMMU AND KASHMIR

Afzal Baig; Anantnag, Kashmir; Director, Central Co-operative Bank, Anantnag; Taken active interest in popularising the Co-operative Movement by attending Conferences and addressing the masses.

Aga Syed Aluncd; Fellow of the Co-operative Institute; Assistant Registrar for five Years; For the first time organised purchase and sale societies, production and trade societies, agricultural development associations and above all the Co-operative Institute.

Amolak Ram Malhotra, L., Organised over sixty societies; Insurance magnate of Kashmir; Has organised a Radio Supply Society in Jammu; Propaganda Officer of the Institute; Editor, *The Co-operator's Bulletin*.

Gulam Mohammad Baig; Zaildar, Anantnag, Kashmir; Secretary, Central Co-operative Bank, Anantnag.

Gulam Nabi; Anantnag; Non-official President, Central Co-operative Bank in the State; One of the early promoters of the idea of establishing a Co-operative Institute in the State.

Gupta, H. L., M.A., B.T., Principal, Model Academy, Jammu; President, Jammu and Kashmir Co-operative Institute; Connected with the Co-operative movement since 1930; Managing Editor: *The Co-operator's Bulletin*; Economist and an educationalist; Member, Standing Committee of the All-India Co-operative Institutes' Association.

Miyan Hyat Mohammed, Chohala, Tehsil R. S. Pura; Pioneer Co-operator of the State; Organised the first Society in the State and its President since then.

Pritam Chand Rao, M.A., Registrar, Co-operative Societies, Jammu and Kashmir State.

Saraf D. N., M.A., B.Com., Managing Editor, *The Ranbir*—Kashmir's first and premier weekly; Joint Editor, *The Co-operator's Bulletin*; Represented the Institute in the Joint Session of the All-India Co-operative Institutes' Association and Indian Provincial Co-operative Banks' Association, held in Bombay in January, 1941.

Sardar Jovind Singh, Ranbirsingh Pura, Jammu Province; has shown enthusiasm in the spread of co-operative movement and organised many societies; Member of the Agricultural Development Co-operative Association; He has won prizes as a fine breeder of horses and grower of crops.

Satyapal Vohra, L., Lawyer of Srinagar; Member, the Jammu and Kashmir State Assembly; Honorary Secretary, Central Co-operative Bank, Srinagar (Kashmir).

Shaikh Gulam Gaus; Advocate, Jammu; Secretary the Jammu and Kashmir Co-operative Institute; Honorary Secretary, Jammu Co-operative Central Bank; Veteran Co-operator of twenty years standing; Organised some supply societies and stores also; Active participant in Co-operative Conferences.

Wazir Feroz Chand; Governor, Jammu; Ex-Registrar, Co-operative Societies; Initiated the rehabilitation scheme here much earlier than in other parts in India; Pioneer of the Co-operative Movement.

MYSORE

Abdul Hukh, M., B.A., b. 1887; Joined Mysore State Service as a Probationer, 1911; Served as Amildar in several stations; Assistant Commissioner, 1918; Headquarters Assistant to the Excise Commissioner, 1925; District Excise and Civil Officer, 1931; Sub-division Officer, Tumkur, 1923; Deputy Commissioner Kadur District, 1935; Registrar of Co-operative Societies in Mysore, since 1937; Address:—Basavangudi, Bangalore City.

Ananthakrishnavachar, B. S., Secretary, Chickmagalur Co-operative Land Mortgage Society for over six years; Secretary, Chickmagalur Town Co-operative Society for two terms; Arbitrator of Co-operative Societies' Disputes; Address:—Pleader, Chickmagalur.

Ananthiah, A., Pleader, Shimoga; Director, Secretary, Joint Secretary, President and Vice-President Shimoga Co-operative Bank for the past 28 years; Shimoga House Building Co-operative Society for the last 15 years; District Honorary Organiser, Co-operative Societies, Shimoga District for several years; Awarded a Public Service Medal; Member, The Mysore Representative Assembly for several years; District Board and Town Municipal Council, Shimoga.

Carleston, H. H., I.C.S., Collector and District Magistrate; Justice of the Peace; President, Municipal Commission; Ex-Officio Assistant to the Resident in Mysore; Marriage Registrar; Assistant Commissioner of Income Tax and Registrar of Co-operative Societies; Address:—Collector's House, Bangalore.

Chandrasekhara Aiyar, K. S., B.A., B.L., Dewan Bahadur, Rajadharmaapravina; b. 1869; Joined Mysore Civil Service as Assistant Commissioner, 1892; Assistant Secretary to Government 1896; Dy. Secretary, 1904; Secretary, 1906; Officiating District and Sessions Judge, Bangalore, 1904; Judge, Chief Court, Mysore, 1907; Second Member of Council, 1916; Offg. Chief Judge, Mysore, 1919; First Member of Council, 1919; Chief Judge, 1921; Retired 1924; Chairman, Hindu Law Reform Committee, 1930; Mysore Government Retrenchment Committee, 1931; Member, Mysore University Council, and Senate 1931; Chairman, Mysore Committee on Co-operation, 1936; President, Public Library Committee, Bangalore, 1934-35; Chairman, Prison Reforms Committee, 1941; Address:—Chandra Vilasa, Basavangudi, Bangalore City.

Gopalakrishna Shetty, P., B.A., B.L., b. 1905; Vice-President, The Kheddar Co-operative Society; The Mysore Provincial Aryavaisya Co-operative Society; Member, The Executive Committee and Development Committee, The Co-operative Federal Union, Mysore; Executive Committee, The Housing Co-operative Society, Mysore; The Governing Body and the Working Committee, The Co-operative Institute; Formerly Vice-President, The Kanyakaparnameswari Co-operative Society, Mysore; Member, Executive Committee, The City Co-operative Bank, Mysore; and the Mysore Co-operative Society; Honorary Lecturer and Examiner, The Co-operative Training Classes; Municipal Councillor, Mysore City, for one term; Secretary, Bar Association, Mysore for two years; Address:—Advocate, Sayyaji Rao Road, Mysore.

Gopalaswamy Iyengar, M. A., M.A., B.L., b. 1899; Enrolled as Advocate of the Mysore High Court, 1925; Editor, *Mysore Observer* 1930-1933; Publications:—“Indian Constitution” in Kannada; “Proposals for Constitutional Reforms in Mysore and the Case for Responsible Government in Mysore” in English; “Biographical essay on Mahatma Gandhi,” essay on hand spinning, and hand weaving etc.; Hon. Secretary, Mysore Co-operative Institutes’ and Provincial Banks’ Association, 1934-37; Member, Representative Assembly for Co-operation, 1933-36; Member, Committee of Management, Public Library, Bangalore from 1935; Mysore Provincial Board, All-India Harijan Sevak Sangh, Delhi; Hon. Joint Secretary, Central Council of Mysore Lawyers’ Conference from 1937; Member, Bangalore City Municipality from 1941; Hon. Secretary and Treasurer of Bangalore City Municipal Congress party from 1941; Address:—Advocate, 8. III Cross, Shankarpur, Bangalore City.

Green, J. M., I.P., Commissioner of Police and President, Police Co-operative Society, C and M Station, Bangalore; Address:—Ali Asker Road, Bangalore.

Gundur Rao, Y. V., M.A., Director, The Mysore Provincial Co-operative Apex Bank; President, Sri Arakanatha Co-operative Bank 1924-36; Secretary, The Land Mortgage Society, Krishnarajanagar, 1935-37; Director, The Central Land Mortgage Bank 1937-38; President, Mysore District School Board, 1936; Vice-President, Municipal Council, Krishnarajanagar 1934-40; Member; Representative Assembly 1935-37; Awarded public service gold medal 1940; Address:—Krishnarajanagar, Mysore District.

Harihara Iyer, N. S., Officer-in-Charge No. 6 (South India) Survey of India; President, Survey of India Co-operative Society, Civil and Military Station, Bangalore; Address:—Basavangudi, P.O., Bangalore City.

Javaraya, H. C., L.Ag., F.L.S., F.R.H.S., Rao Bahadur; Director of Horticulture and Chief Marketing Officer in Mysore, Bangalore; Joined Mysore Service as Horticultural Instructor, Government Botanic Gardens 1913, Mokhtesar, Palace Estates and Gardens, 1914; Assistant Superintendent, Govt. Gardens and Museum 1918; Superintendent in charge 1918; Economic Botanist and Offg. Superintendent, 1925; Superintendent, Government Gardens and Hill Stations, 1925; Offg. Director of Horticulture 1930 and 1931; Superintendent, Government Gardens, 1932; Senior Marketing Officer, Gardens and Hill Stations, 1940; Director of Horticulture and Chief Marketing Officer in Mysore, 1941; Chairman, Mysore Horticultural Society; Publications:—'Gardens Sisal Hamp,' 'Insecticides,' etc.; Government Director, Mysore Tobacco Company; Joint Registrar, Co-operative Marketing Societies, Mysore; Address:—Lalbagh House, Bangalore City.

Jayathirthachar, R. K., B.A., LL.B., Advocate, Shimoga; Director; Shimoga Co-operative Bank for the last sixteen years; and now its President; Director, Shimoga House-building Co-operative Society for the last five years; Shimoga Co-operative Stores, and the Mysore Provincial Co-operative Apex Bank for the last five years; Member, The Governing Body, The Mysore Co-operative Institute; District Propaganda Officer, Shimoga; Member, The Standing Advisory Committee of Co-operators; Awarded Certificate of Honour at the XXVI Mysore Provincial Co-operative Conference.

Krishna Rao, A., B.A., B.L., b. 1875, President, The City Co-operative Bank, Mysore since 1924; Non-official delegate of the Mysore Province for the Registrars' Conference of 1928; President, Mysore Provincial Co-operative Conference 1935; Member, Co-operative Enquiry Committee 1935-36; President, The Central Paddy Co-operative Federal Union, Mysore 1934-38; President, Chamarajapuram Co-operative Stores, Mysore 1935; Formerly Director, The Provincial Co-operative Apex Bank; Member, Governing Body, The Provincial Co-operative Institute; Committee Member, The Mysore Co-operative Society; Member, The Mysore Political Affairs Committee since 1938; Director Sri Krishnarajendra Cotton Spinning and Weaving Mills, Mysore since 1924; Member, Mysore Legislative Council 1927-30; the Representative Assembly and the Mysore District Board for three years in each; Municipal Councillor, Mysore city, 1916-36 with a break of one term; Member, City Improvement Trust Board, Mysore 1918-22; and 1931-34. President, The Mysore City Public Library Committee; Address:—Advocate, Lakshimpuram, Mysore.

Kuppuswami Iyengar, C. S., Lokasevasakta; Retired Deputy Commissioner, Bangalore; President, Mysore Provincial Co-operative Apex Bank since 1937; Mysore Co-operative Institute since 1937; Mysore Central Co-operative Land Mortgage Bank since 1941; Director, The Bangalore Central Co-operative Bank for some time; Member, Standing Advisory Committee of Co-operators, Mysore; Executive Council, The Mysore Horticultural Society for some time; Address:—"Krishna-bhavan", Basavangudi, Bangalore City.

Mohamed Inam, J., B.A., B.L., b. 1897; First Non-Official President, The Jagalur Municipal Council, 1933-36; President, Chitaldrug District Board, 1936-40; Chitaldrug Co-operative Land Mortgage Society; Chitaldrug Local Education Authority; Director, Mysore Provincial Co-operative Apex Bank; Mysore Chemicals and Fertilisers and Mysore Kirloskars Ltd.; Member, Committee on Co-operation in Mysore; Agricultural Relief Committee; Delimitation Committee; Mysore Reforms Committee 1939-40; Board of Management, Mysore Iron and Steel Works; Representative Assembly and Legislative Council for several years; Mysore University Senate from 1928; and The University Council; Elected to the reformed Council and Minister for Education, Co-operation etc.; Address:—Basavangudi, Bangalore City.

Narasimhaia, C., B.A., B.L., b. 1872; Member, Co-operative Advisory Board; Vice-President, The City Co-operative Bank since 1929; President, The Mysore Co-operative Society 1934-37; President, Chamarajapuram Co-operative Stores, Mysore 1936-38; Vice-President, Co-operative Federal Union, Mysore 1934-38; Director, The Central Paddy Co-operative Society; Member, The Legislative Council, 1916-20—1923-26 and 1941; Representative Assembly, Mysore 1913-30; Mysore Reforms Committee 1939; President, Seventh Mysore Provincial Lawyers' Conference; President, Bar Association, Mysore 1925-36; President, The Delvey's Anglo Sanskrit School and the Saradavilas Patasala; Municipal Councillor, 1916-40; Member, City Improvement Trust Board for nine years. Address:—Advocate, Lakshimpuram, Mysore.

Narayana Rao, S., b. 1867; Entered State Service, 1892, and served as Amildar Special Asst. Settlement Officer, Bethamangala Water Supply Project, City Magistrate, Revenue Sub-Division Officer, District Supt. of Police; Retired, 1923. Member, The Bangalore City Municipal Council, 1927-29; Chairman, First Class Bench Court; Secretary, The Mysore Provincial Co-operative Apex Bank, 1927-28; Vice-President, 1924-26; Director, 1930-32—1937-38 and 1939-40; A Founder; Member, The Bangalore City Housing Co-operative Society and the Narasimharaja Co-operative Colony; Secretary, 1927-1935; President, 1940-41; Director, 1937-40; Director, The Mysore Central Co-operative Bank, 1936-38; Member, The Governing Body, The Mysore Co-operative Institute; Recently organised The Mysore Co-operative Pharmacy and Medical Aid Society. Address:—Saligrama Nilaya, Shankarpur, Basavanagudi P.O. Bangalore.

Rajagopala Iyengar, T. S., M.A. LL.B., b. 1905; Vice-President; The Co-operative Federal Union, Mysore; Member, Executive Committee; The Mysore Co-operative Society; The Housing Co-operative Society; Hon. Secretary, The Mysore Co-operative Society; 1937-39; Director, The Khedder Co-operative Society, Mysore; Director, The City Co-operative Bank, Mysore for some time; Honorary Lecturer and Examiner, The Co-operative Training Classes; Member, The Governing Body, The Co-operative Institute for some time; Member, Representative Assembly, Mysore; Municipal Councillor, Mysore City, 1936-39; Member, the All-India Congress Committee, 1937-40; Member, The Mysore Congress Working Committee for some time. Publications (1) The Indian women in the new age; (2) Indians overseas; (3) The Making of Rural India and Prohibition. Awarded the title of Vidyabhushana. Address:—Pleader, Krishnakuteera, Sayyaji Rao Road, Mysore.

Ramappa, S., Member, Mysore Representative Assembly, 1930-34 and since 1937; Kolar District Board, 1930-33 and since 1936; Vice-President, Srinivasapur

Municipal Council for 8 years till 1923; Kolar District Board, since 1939; Director, Srinivaspur Co-operative Society 1937-39; Malliappanahalli Co-operative Society, since 1939; Secretary, Srinivaspur Co-operative Society, 1924-29, and since 1939; Awarded Certificate of Honour at the XXVI Mysore Provincial Co-operative Conference for services in the Movement. Address:—Vice-President, Kolar District Board, Kolar.

Rama Rao, A. N., B.A., B.L., b. 1935; Assistant District Scout Commissioner for Bangalore District; Member of the State Scout Council; Mysore Representative Assembly, elected from Co-operative Constituency; Mysore University Senate; Non-Official President R.M.S. and Postal Union; Director, Bangalore Industrial and Commercial Co-operative Society, 1932-35; Bangalore City Co-operative Bank, since 1934; Mysore Provincial Co-operative Apex Bank, 1936-38 and since 1940; President, Sri Rama Sathaha Co-operative Society, Bangalore, 1934-35; Chickpet House Building Co-operative Society, Bangalore, 1934-37; Secretary, Apex Bank 1936-37; Mysore Co-operative Institute 1937-40; and Bangalore City Corporate Bank, 1940. Address:—"Annappurna", Visweswarapuram, Bangalore.

Ramaswami, H. V., M.A., B.L., b. 1884; Joined service as probationary Asst. Commissioner in the General and Revenue Secretariat, 1910; City Magistrate, Mysore, 1917; Asst. Secretary to Government and Asst. Secretary, Department of Agriculture and Ex-officio Secretary to the Board of Agriculture, Bangalore, 1921; Asst. to the Revenue Commissioner 1922; Deputy Commissioner, 1927; General Secretary to Government, 1932. Ag. Inspector General of Police in Mysore, 1936-37; Ag. Chief Secretary to Government; Retd. as Exeise Commissioner in Mysore, 1939; Director, Bank of Mysore; President, Bangalore Central Co-operative Bank; Member, Co-operative Advisory Committee.

Singlachar, N. A., Land-holder and Banker; Member, The Mandya Municipal Council—at present Vice-President of the Council; Member, Mysore Representative Assembly, 1937-40; President, Mandya Town Co-operative Society 1936-38; Director, Mandya Town Co-operative Society, 1922-41; Mandya House Building Co-operative Society, 1937-41; Mandya Land Co-operative Mortgage Society, 1938-41; Managing Director, Mandya Bank; Director, Irwin Causal Ryots' Association.

Sreenivasaiya, Y., B.A., LL.B. b. 1890. Hon. Secretary, The Central Paddy Co-operative Society; The Co-operative Federal Union, Mysore, since 1934; President, The Co-operative Staff Association; Vice-President, Housing Co-operative Society, Mysore; Secretary, The Mysore Co-operative Society, 1924-26; Secretary, Chamarajapuram Co-operative Stores, Mysore 1927-32—1933-35 and 1936-38; Member, The Governing Body, The Co-operative Institute since 1933; Managing Committees, The City Co-operative Bank; The District Central Co-operative Bank; and the Kheddar Co-operative Society; Organised a Co-operative Study Circle in Mysore and conducted Co-operative Training Classes; Secretary, The Delvey's Anglo-Sanskrit School since 1919. Address:—Advocate, Vanivilas Mohalla, Mysore.

Srinivas, S., Landlord; b. 1909; President, Mysore Transport Workers' Union 1938; Director, Devanahalli Land Co-operative Mortgage Society; Honorary Secretary, Mysore Co-operative Institute; Member, Bangalore Public Library Committee;

Bangalore S.P.C.A. Committee; Editorial Board of the *Mysore Co-operative Journal*; Standing Committee and Legislative Sub-Committee of the All-India Co-operative Institutes' Association. Address:—24, Veeranna's Gardens, Cleveland Town, Bangalore.

Srinivasa Iyengar, K. R., M.A., Dewan Bahadur, Rajasabhabhushana; b. 1871; Joined Mysore Service, as Probationary Assistant Commissioner, 1892; Deputy Commissioner, 1907; Inspector General of Police, 1917; Revenue Commissioner, 1918; Offg. Second Member of Council, 1919; Revenue Commissioner, 1920-23; Ex-officio Director of Civil Supplies, 1921; Ex-officio Muzrai Commissioner, 1922; Second Member of Council, 1923; First Member of Council, 1925; President, Board of Industries and Commerce, Stores Purchase Committee and of Local Service Examination Board; Retired November 1926; Director, Bangalore Central Co-operative Bank, 1930-31; President, Mysore Central Co-operative Land Mortgage Bank, Bangalore 1929-40; President, Mysore Silk Association; Chairman, Board of Directors, Mysore Spun Silk Mills. Address:—Chamarajpet, Bangalore City.

Venkatakrisnaiah, S., B.A., B.L., b. 1871; Entered judicial department 1905; District Judge, Mysore; Retired, 1928; President, Mysore Provincial Co-operative Apex Bank; The Mysore Co-operative Institute 1928-39; Director; Mysore Central Co-operative Land Mortgage Bank, 1929-39; Sriman Madhava Siddantha Abhivridhikarini Bank, 1929-39; Secretary, The Bangalore Public Library, 1923-25. Address: Basavanagudi, Bangalore City.

Venkatesaiya, S., B.A., B.L., Honorary Organiser, The Co-operative Movement in the Hasan District; Promoter, The Mysore Provincial Co-operative Apex Bank; Director for several years; Awarded Gold Medal for Co-operation 1927. Address:—Advocate, Hassan.

TRAVANCORE

Boothalingam Pillai, N., Nagercoil; Assistant Secretary, Peoples' Co-operative Bank for some years; later elected Secretary of the Bank; Member, Committee of the local Co-operative Union.

Gopalakrishnan, K.G., Chertala; Organised the Chertala Co-operative Union and the Taluk Co-operative Bank, 1925; Served both the Institutions either as President or Secretary for several years; Member, Executive Committee, The Travancore Co-operative Institute for several years and now its Vice-President; Joint Editor, The Travancore Co-operative Journal.

Govinda Pillai, M.K., B.A., B.L., Retired Professor and Principal of the Trivandrum Law College; Director, The Trivandrum Central Co-operative Bank; Was its Vice-President for 6 years and now President.

Joseph, C.M., Changanaserry; Organised the first Co-operative Urban Bank in the State; Was appointed Hony. Organiser of Co-operative Societies, 1924.

Joseph, J.M., B.A., L.T., Headmaster, Scott Christian High School Nagercoil; One of the founders of the Nagercoil Christian Co-operative Society, 1920; Member of its Committee for two years; Secretary for 8 years and President for two years; President, Nagercoil Co-operative Union for 15 years since 1924; Vice-President and President, The Nagercoil Peoples' Co-operative Bank for over 6 years; President, The Nagercoil London Mission Employees' Co-operative Society; Member, The Reformed Legislative Assembly, 1933 to 1937.

Kesavan, K., Secretary, Mundakkal Village Society, 1920 and later its President; Secretary, Supervising Union, Quilon Taluk, 1923; Taluk Bank, Quilon for 10 years since 1926; Was appointed Hony. Organiser, 1926; Member, Executive Committee, The Travancore Co-operative Institute for over 12 years; Board of Management, The Central Co-operative Bank for over 10 years.

Kuruvila, K.K., M.A., B.D., M.L.C.; Headmaster M.T. Seminary, Kottayam; Member, Devadhar Co-operative Enquiry Committee; President, Kottayam Banking Union; Member, Legislative Council; Economic Development Board.

Manuel S., Secretary, Y.M.C.A., Rural Reconstruction Centre, Marthandam; One of the earliest non-official Co-operators in the State; Was appointed, Hony. Organiser, 1921; Organised the Marthandam Poultry Keepers' Co-operative Society.

Narasimha Iyer, P.S., Manager, Paper Mills, Punaloor; Organised the first Factory Employees' Co-operative Society at Punaloor; Was appointed Hony. Organiser, 1924.

Narayana Iyer, K.R., B.A., M.Sc., F.C.S.; Director of Agriculture and Registrar of Co-operative Societies. Member, Board of Management, The Travancore Co-operative Institute, 1940; Elected President of the Institute.

Narayana Menon, M.N.; President, The Kottayam Union organised by him; Member, Board of Management, The Central Co-operative Bank; The Travancore Co-operative Institute for several years; Was Secretary of the Institute and Editor of the Journal for a term; Was appointed Hony. Organiser, 1923; Member, The Devadhar Enquiry Committee; An earnest social worker.

Narayanan Nambiar, T.R., B.A., B.L., Padmanabhapuram; Secretary, Kalkulam Taluk Co-operative Bank for 9 years since 1926; Secretary Kalkulam-Vallavankode Union for 12 years; President, Padmanabhapuram Urban Bank for 6 years; President, the Kalkulam Co-operative Purchase and Sale Society for 3 years.

Narayanan Pandalay, K., B.A., B.L., Rao Bahadur; Was Chief Secretary to the Government; After retirement, served as Private Secretary and Sarvadhikari to H.H. the Maha Rani Regent for over 5 years; President, Trivandrum Central Co-operative Bank for 9 years till 1941; President, The Travancore Co-operative Humanitarian Society; President, The Discharged Prisoners' Aid Society; President, The Travancore State Committee and the Kerala Provincial Hindi Prachar Sabha.

Narayana Pillai, K.R., Nedumangad; President, Co-operative Union, Nedumangad for 7 years; Was appointed Hony. Organiser, 1924; Member, Board of Management, The Central Co-operative Bank; Member, Governing Body, The Travancore Co-operative Institute; Member, Editorial Committee, *The Travancore Co-operative Journal*; Manager, The Travancore Co-operative Institute.

Padmanabha Rao, T., F.R.S.A., (London); Rao Sahib, Udara Siromani; b. 1864; Private Secretary to the Dewan of Travancore, 1890; Director of Registration; Excise Commissioner for some years; Anchel Superintendent, 1911; Retired from service, 1919 and joined the movement; Vice-President, The Trivandrum Central Co-operative Bank and later its President for 9 years till 1930; President, The Trivandrum Urban Bank; President, The Travancore Co-operative Insurance Society; Vice-Chairman, The Devadhar Committee on Co-operation; Has instituted a gold medal for an annual Co-operative Essay Competition; The Trivandrum Central Co-operative Bank has organised a Co-operative Library in his honour; Director, The State Land Mortgage Bank; Director, Sri Chitra Home for the Destitute and Infirm.

Parameswaran Pillai, G., B.A., B.L., Rajyaseva Praveena; Member, Legislative Assembly for three terms; Additional Sessions Judge and later Judge of the High Court; Head of the Political Department in charge of All-India Federation etc.; Chief Secretary to Government; Hony. Secretary, The Trivandrum Central Co-operative Bank; President, The All Travancore Co-operative Union (the present Institute), 1925.

Paramu Pillay, P., B.A., B.L., President, The Karunagapally Co-operative Union since 1929; Organised two "All Travancore Exhibitions" in 1937 and 1939 at Ochira; Secretary, The Travancore Co-operative Institute since 1938; Editor, *The Travancore Co-operative Journal*.

Ramachandra Rao, M., B.A., B.L., Served as Commissioner of Devikulam Division, Peishkar and District Magistrate, Police Commissioner and Land Revenue and Income Tax Commissioner; was in charge of Co-operative Department also for some time; Organised about 50 multipurpose societies controlled by Pattadars.

Ramakrishna Iyer, S., Prof., M.A., Retired Professor of Physics, Science College, Trivandrum; Vice-President, The Travancore University Co-operative Stores for 8 years; President, Brahmansjana Co-operative Society.

Ramakrishna Pillai, N.P., B.A., B.L., Trivandrum; Hony. Secretary and Treasurer, The Trivandrum Co-operative Urban Bank since 1932; Hony. Secretary, The Travancore Co-operative Insurance Society for some time; Member, Board of Management, The Trivandrum Co-operative Distributive Society; Member, The Premier Distributive Society; Member, The Managing Committee, Trivandrum Co-operative Home; Member, Trivandrum Municipal Corporation.

Ramankunju, C., M.L.A., Codiveetil, Alleppy; Member, Legislative Assembly representing backward communities; Organised Co-operative Societies for the fishermen in Travancore and the first Co-operative Conference of the fisherfolk;

Member, The old Sri Mulam Assembly, and later, Member, Legislative Council; Was appointed Hony. Organiser, 1923.

Raman Pillai, K.A., B.A., B.L., Trivandrum; Hony. Secretary and Treasurer, The Trivandrum Central Co-operative Bank, 1940.

Subramania Iyer, E., M.A., M.L., Principal, Law College, Trivandrum and Franchise Commissioner for about 4 years; Vice-President, The Trivandrum Central Co-operative Bank for 5 years since 1930; An authority on Co-operative Law and Practice.

Vasudevan Pillai, R., President, The Neyyattinkara Taluk Co-operative Bank for 14 years since 1925; Hony. Organiser of Co-operative Societies.

Velayudhan Pillai, K., President, The Putheri Co-operative Society, organised in 1918; Organised a Primary Society at Neyyoor and the Peoples' Co-operative Bank at Nagercoil, 1922; Secretary, Co-operative Union, Nagercoil; Hony. Secretary, The All Travancore Co-operative Union (the present Institute) for 9 years since 1924 and its Vice-President for two years; Hony. Editor, The Travancore Co-operative Journal for 7 years; Edited 3 volumes of the Travancore Economic Journal; Organised 3 Taluk Banks in 1925; Was appointed Hony. Organiser over the whole State, 1925; Organised 2 non-credit societies 1926; Convener of the Committee appointed to draft a scheme for organising a Land Mortgage Bank in Travancore, 1926; President of the Supervising Unions for the Taluks of Kalkulam and Vilavomkode for two years since 1926; Member, Executive Committee, The Trivandrum Central Co-operative Bank, 1927 and its Hony. Secretary and Treasurer for 8 years from 1928; Organised the Trivandrum Co-operative Home, 1931; President, Sri Ramakrishna Mission; President, Kerala Hindu Mission; President, Hyndava Sevak Sangh, Neyyoor; An independent social worker and prominent Co-operator in the State.

Vydialingam Pillai, R., B.A., B.L.; Registrar of Co-operative Societies, 1921-31; was appointed Dewan Peishkar and District Magistrate, 1932; Member, Devadhar Co-operative Enquiry Committee; Member, Board of Management, The Travancore Co-operative Insurance Society; Member, The Teachers' Benefit Fund; The Trivandrum Urban Co-operative Bank; President, The Trivandrum Distributive Co-operative Society; President the Premier Co-operative Store.

*"Not gold, but only men, can make
A people great and strong...
Men, who for truth and honour's sake
Stand fast and suffer long.*

*Brave men who work while others sleep
Who dare while others fly...
They build a nation's pillars deep
And lift them to the sky."*

ASSAM

Provincial Editor

M. H. HUSSAIN, ESQ., I.C.S.,
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		Special Types of Societies

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ASSAM

General Features.—Assam may be said to be the north eastern frontier Province of India with Bhutan in the north, Bengal on the west and Burma on the south east. The province has had a chequered political career. When Lord Curzon effected the partition of Bengal in 1905, he made "Eastern Bengal and Assam" a separate province with a Lieutenant Governor and Dacca as its Capital. With the annulment of the partition of Bengal in 1912, the Eastern and Western Bengals were united into one province and Assam was constituted a separate province under a Chief Commissioner. Under the Government of India Act of 1919 it was assigned the status of a Governor's Province and with the coming into force of the Government of India Act of 1935 Assam assumed the status of a Governor's Province with Provincial Autonomy in 1937.^a It has a bicameral legislature and the Governor was assisted by a council of ministers. The council of ministers having resigned in December 1941 the administration is carried on at present by the Governor with the help of official advisers under section 93 of the Government of India Act of 1935.

The Province has an area of over 55,000 sq. miles and a population of more than 10·2 millions (Census 1941). The population of Assam consists of Hindus, Mohammadans and those belonging to Tribal Religions. According to the census figures of 1931 Hindus are about 5 millions and Mohammadans about 2·8 millions. Roughly forty per cent of the people speak Bengali, twenty-one per cent Assamese and the Hill Tribes speak Tibeto and Burman languages. The Province as a whole enjoys a normal annual rainfall of about 100 inches, Chirrapunji alone recording more than 500 inches a year. The communications of the province consist of about 1,300 miles of railways, and about 6,000 miles of roads, of which about 700 miles are metalled roads. The Province being hilly and covered with forests, construction of railways and metalled roads was both expensive and difficult. The chief means of transport by steamers and country boats are the water ways of Brahmaputra and its tributaries. The Capital of the Province is Shillong, the next important City being Gauhati. The important products are tea, rice and wheat besides some rubber, silk and cotton. For the year 1941-42 the Revenue and Capital receipts of the province are estimated at Rs. 6·37 crores and expenditure at Rs. 6·425 crores.

A Retrospect.—The Co-operative Movement in Assam began with the establishment of 10 societies in 1904-05. From 1st April 1905 till 31st March 1912 Assam formed part of the province of Eastern Bengal and Assam. In the same year, that is 1912, the Co-operative Societies Act II of 1912 was passed, under which central and other

^aGovernor: Reid, H. E. Sir Robert Niel, M.A., (Oxon.), K.C.S.I., K.C.I.E., I.C.S.

societies were registered as in other provinces of India. The growth of the co-operative movement in the province of Assam can conveniently be narrated in three periods.

The period from the year 1904-05 to 1915-16 forms the 1st period. In the year 1915-16 there were 285 agricultural societies with a membership of 15,972 and a working capital of Rs. 3,95,185. The working capital was Rs. 25 per member. The number of non-agricultural credit societies was 18, all, except 2, on limited liability basis, with a membership of 1,638 and a working capital of Rs. 1,74,077. According to the report of the Assam Banking Enquiry Committee (1929-30) in the year 1915-16* there were 10 central banks with a working capital of Rs. 3,29,275. Only 95 societies held shares in only 6 of these banks.

There was substantial progress in the growth of the movement in the 2nd period from the year 1915-16 to 1928-29. In the year 1928-29 the number of agricultural societies increased to 1,234 with a membership of 53,055 and a working capital of Rs. 25,98,460. The working capital per member was Rs. 49. The growth of these societies was gradual up to 1923-24. But from that year they increased more rapidly at the rate of about 100 to 120 annually. All these societies were in the plains districts of the province. In the Surma Valley the average membership of an agricultural society was 27; the corresponding figure for the Assam Valley being 59. All these societies were credit societies except one in Sylhet and one in Nowgong, which were classified as production and sale societies on limited liability. The remaining 1,232 agricultural societies were all of unlimited liability except 11 small societies of limited liability in the Surma Valley. These 1,232 agricultural societies were popularly known as rural societies or rural banks. The average working capital per member worked out at Rs. 67 in the Surma Valley and Rs. 40 in the Assam Valley. In 1928-29 there were 47 non-agricultural credit societies, many of them being urban banks. These societies include those, the membership of which is confined to Government employees only. Of the 47 societies 18 were in Surma Valley and 29 in the Assam Valley, 11 of which were in Shillong, the headquarters of the Province. The total membership of these was 9,382. In the year 1928-29 there were 20 non-credit (purchase and sale) non-agricultural societies with 2,475 members and a working capital of Rs. 1,11,833. The non-agricultural credit societies finance traders and industrialists only to a very limited extent. There were 15 central banks in 1928-29, of which 5 were in the Surma Valley and 10 in Assam Valley. The total working capital of these societies was Rs. 16,38,752. The Provincial Co-operative Bank of Assam was organised in 1920-21 with an authorised capital of five lakhs of rupees. In the year 1928-29 15 central banks and 15 non-agricultural credit societies were affiliated to it.

In the third period, that is, from 1930-31 up to now, the movement showed signs of decline, though it made good progress till 1928-29, due

* In February 1915 there were 2 central banks, 4 central banking unions and 42 affiliated societies in the province, according to the report of the MacLagan Committee, page 155.

to the fact that it was not organised properly. Due to the indifference displayed by many members to the welfare of their societies in regard to repayments of loans, the societies were unable to meet their obligations to the central banks and the central banks in turn to the provincial bank. The year 1930-31, as is well known, marked the beginning of acute economic depression which affected the movement very adversely all over India, and Assam was no exception. Regarding the present state of the movement, the Registrar of Co-operative Societies in his report for the year ending 31st March 1940, stated that since 1929-30, due to the world-wide economic depression there was a definite setback in the economic condition of the agriculturists, which had its direct reactions especially on the Co-operative Societies. It is said that the operations of the Assam Money Lenders Act and the Debt Conciliation Boards hampered the movement further and that the competition of the joint-stock banks, in the matter of deposits, also added to the difficulties of the movement in the Province. Increasing reluctance to repay their loans on the part of the members of agricultural credit societies is being experienced due, as the Registrar says, to despondency and nervousness among them as there is hardly any hope of fresh finance through the village societies. The question of fresh finance in rural areas for agricultural purposes is now a serious problem in the province. A rise in prices of commodities was expected as a result of the war conditions but did not materialise, and so anticipated facilities for the recovery of loans have also not been realised.

For purposes of administration of the Co-operative Department the Province is divided into two divisions namely, the Surma Valley and the Assam Valley, each in the charge of a separate Assistant Registrar. Of the 18 Co-operative Central Banks in the Province 5 are situated in the Surma Valley Division and the other 13 in the Assam Valley Division. There is only one Co-operative Bank in the Province with a paid up share capital and reserves of over one lakh of rupees and that is the Provincial Bank.

At the head of the Department is the Registrar of Co-operative Societies, who is also the Director of Industries. There are his Assistant Registrars, one Auditor of Co-operative Societies and 15 Inspectors of Co-operative Societies. There was no separate Audit Staff. The Inspectors do audit work in addition to their supervision and other work. A separate staff for audit consisting of 9 assistant auditors has recently been appointed. There is a further proposal for strengthening the staff for supervision and audit work.

With a grant from the Central Government a detailed scheme for training all the inspectors of co-operative societies, supervisors of central banks, office-bearers, employees and members of co-operative societies was undertaken. Now all the new recruits to the Department are required to undergo a thorough course of training. The programme of training of office-bearers, employees and members of co-operative societies is being continued from year to year so that there may be appreciable improvement in the working of co-operative societies.

CO-OPERATIVE FINANCE

A. RURAL CREDIT SOCIETIES

The agricultural credit societies are the main pivot of the Co-operative Movement in Assam. The total number of agricultural credit societies on 31st March 1940 was 1,315 of which 668 were in the Surma Valley and 647 in the Assam Valley Divisions with a membership of 39,166 and a working capital of Rs. 25,79,449.

The great economic depression which set in in 1929-30 gave a serious blow to the Co-operative Movement in rural areas and the Movement has yet to recover from it. The various debt legislation measures enacted from time to time greatly hampered the progress of the Movement. The competition of the daily increasing Joint Stock Banking branches in the matter of deposits also added to the difficulties. Heavy accumulation of overdues which are nearly 93 per cent of the outstandings has brought a despondency and nervousness amongst the members of the agricultural societies resulting in reluctance to pay, as there is hardly any hope of fresh finance in villages due to the conditions prevailing in the money market. In fact, fresh finance in rural areas for agricultural purposes is a serious problem now.

A comparison of the position for the last 12 years shown below will clearly demonstrate how the movement gradually deteriorated after the economic depression set in.

Year.	No. of agricultural Societies in the province.	Amount advanced during the year.	Amount recovered during the year.	Total loans outstanding against members at the end of the year.	Percentages of overdues.
		Rs.	Rs.	Rs.	
1928-29	1,232	7,93,788	4,70,082	21,52,089	42.7
1929-30	1,293	6,62,234	3,61,989	24,18,730	50
1930-31	1,303	3,68,753	2,67,473	24,94,166	63
1931-32	1,298	2,54,130	1,17,717	25,06,099	73
1932-33	1,291	85,429	1,36,906	24,22,470	87
1933-34	1,279	55,251	1,09,730	23,40,761	93
1934-35	1,274	47,221	1,11,040	22,50,295	96
1935-36	1,275	59,771	1,55,467	21,00,083	94
1936-37	1,273	66,610	1,67,286	18,85,929	94
1937-38	1,299	92,277	1,61,814	17,81,114	94
1938-39	1,334	88,789	1,56,573	16,43,099	93
1939-40	1,315	82,774	1,93,818	14,28,527	93

The Departmental staff, inadequate as it is, could not, in spite of its earnest efforts, check the deterioration. The absence of any effective measures for rehabilitation of the Movement in a comprehensive manner is gradually scaring away ardent non-official workers who were pillars of support to the movement. The financing agencies are in the utmost need of financial accommodation as in the present circumstances the inflow of fresh deposits cannot be expected since the existing depositors are not getting back their deposits on demand and thus public confidence in these financing agencies is already shaken.

B. CENTRAL BANKS

One of the most serious problems of rural economy in Assam, as in other provinces, is the heavy load of rural indebtedness. In the estimate of the Central Banking Enquiry Committee, the total agricultural indebtedness of Assam as included in British India was in the neighbourhood of Rs. 22 crores. It is an admitted fact that rural debt has shown an alarming increase in recent years. To deal with rural indebtedness Co-operative Credit Societies were started mainly for supply of credit on a co-operative basis. With the formation of the rural credit societies the question of rural finance was taken up by these Societies. Then after fresh legislation Central Banks consisting partly of societies and partly of individuals were formed for financing primary credit societies. The Provincial Bank, consisting of individuals and societies, came into existence to supply finance to the whole movement in the Province, ordinarily through the agency of the Central Banks. Consequently co-operative finance through the Central Banks and the Provincial Bank plays an important part in the co-operative movement and through it in the rural economy of the Province.

During the year ending 31st March, 1940, there were 18 Central Banks in the Province with a total membership of 1,858, of which 640 were individuals and 1,218 societies. The finance of these Central Banks comprised :—

	Rs.
(1) Share Capital ..	1,87,720
(2) Loans and deposits held from individuals and other sources ..	12,43,180
(3) Loans and deposits from Societies ..	2,22,694
(4) Loans and deposits from Provincial Bank ..	2,09,338
Total ..	<u>18,62,932</u>

Out of this, investments in loans to banks and societies amounted to Rs. 14,68,814. The working capital of the Central Banks is fast decreasing. The total working capital of the Central Banks, which was Rs. 23,07,335 in 1938-39, was reduced to Rs. 21,81,766. The influx of new deposits and loans to Central Banks was greatly hampered due to the present unsatisfactory position of the rural societies. Most of the bigger Central Banks were finding difficulty in meeting their obligations to the depositors and therefore public confidence was shaken to a great extent. The loans and deposits received during the year 1939-40 amounted to Rs. 2,49,932 as against Rs. 5,83,254 in the previous year. Almost all the Central Banks, except some of the smaller ones, are thus faced with difficulty to maintain their credit. The rural credit societies in the Province, where the capital of these Central Banks is blocked up, are for some years past passing through an acute financial crisis gradually leading to the collapse of the whole movement. The position, in one word, is so very acute, that deterioration may go beyond redemption, if some means cannot be found immediately to tackle the problem effectively. There is no sign of improvement in the repaying capacity of the agriculturists and the heavy accumulation of overdues is a serious burden on them. The rural credit societies in the province failed hopelessly to pay off their dues to the respective Central Banks. The total loans due to the Central Banks from the rural societies were Rs. 14,68,814 on 31st March, 1940, there being a collection of Rs. 1,52,268 only during the year. This naturally made the position of the Central Banks shaky, they being unable to meet the depositors' demands. This position naturally brought about complete loss of public confidence and thus inflow of new deposits was practically stopped. In the midst of such circumstances, the question of fresh finance to its constituents by the Central Banks could not arise.

C. PROVINCIAL CO-OPERATIVE BANK

The Provincial Co-operative Bank of Assam, with its headquarters at Shillong, was registered on the 19th August 1921. The nominal capital of the Bank is five lakhs of rupees divided into five thousand shares of the value of rupees one hundred each, half of which are preference shares and the other half ordinary shares. The preference shares, which carry a fixed cumulative dividend of 5 per cent per annum, are held by individuals residing or owning immovable properties within the province and ordinary shares are held by registered co-operative societies. A sum of Rs. 50 is to be paid for every share and the balance is treated as reserve liability of the shareholder. The Bank has 25 preference and 55 ordinary shareholders.

The Bank started work from the last quarter of the year 1921-22 with a working capital of Rs. 56,204 comprising a share capital of Rs. 19,010, deposits of Rs. 12,354 and a loan of Rs. 25,000 from the Provincial Government. The following statement will give an idea of the working of the Bank during the last 20 years:—

Particulars.	1921-22	1925-26	1930-31	1935-36	1940-41
	Rs.	Rs.	Rs.	Rs.	Rs.
Paid up share capital ..	19,010	44,450	92,060	1,07,970	1,08,900
Reserve & Other Funds ..	..	4,136	17,630	30,985	50,263
Working Capital	56,204	2,02,855	3,84,254	3,78,036	3,36,439
Net Profit ..	783	4,929	9,747	14,207	8,764
Rate of interest on borrowing ..	6¼%	4 to 8%	7%	3 to 4%	4 to 5%
Rate of interest on lending ..	10%	8½ to 11%	8½%	7½%	6%
Dividend paid : Preference Shares ..	7½%	8%	7½%	7½%	5½%
Ordinary Shares ..	..	6¼%	6%	4%	4¼%

The economic depression of 1929-30 resulted in a definite set back to the co-operative movement in the province. The agriculturists, who were hard hit by the depression had no means to repay their dues to the societies, which in their turn were unable to meet their obligations to the financing banks. The continued defaults made by the borrowers brought about a serious situation during the last three years. The overdues piled up and stood at 93 per cent during 1940-41. This state of affairs had the usual repercussions on the central banks and ultimately on the Provincial Bank. There were incessant demands for fresh loans from most of the central banks for refund of matured deposits and grant of fresh loans to the needy and deserving agricultural societies; but unfortunately the Provincial Bank with its limited resources was unable to render any assistance to them. In the present state of circumstances fresh deposits from individuals and other sources are a remote possibility as the public confidence is already shaken. The position of the movement has become critical. A scheme for rehabilitation has recently been sanctioned by the Provincial Government.

The Bank is managed by a Board of Directors consisting of 11 members elected annually from amongst both classes of shareholders. The Bank has a part-time Manager and a whole-time Clerk. Its working expenses are less than one per cent of its working capital.

D. LAND MORTGAGE BANKS

There are at present 4 Co-operative Land Mortgage Banks. The working capital was obtained from shares, deposits for fixed periods

and advances from Government. The assets of these banks are now frozen in lands of defaulting members and legal steps are being taken for effecting recovery by their sale. No new loans are now being issued. The total loans outstanding against members stood at Rs. 2,90,659 of which Rs. 2,83,354 is overdue.

E. URBAN CREDIT SOCIETIES

The number of urban credit societies rose to 163 during 1939-40 as against 136 in the previous year. This type of society is playing an important role in the co-operative movement of the province. The total number of members of these societies also rose to 14,623 as against 13,614 of the previous year. There is a great demand for further increase and specially salary earners are co-operating in great numbers. The working capital of these societies is shown below as compared with the previous year :—

Particulars.	1938-39		1939-40	
		Rs.		Rs.
1. Share Capital	..	3,58,201		3,76,232
2. Deposits from Members	..	8,12,045		7,66,472
3. Deposits from Non-Members	..	10,11,691		10,41,824
4. Borrowings from Central and Provincial Banks	..	54,551		49,174
5. Borrowings from other Societies	..	38,702		44,274
6. Borrowings from Government Emporium	..	169		414
7. Reserve Fund	..	2,53,232		2,66,577
8. Other Funds	..	1,28,380		1,04,171
TOTAL	..	26,56,971		26,49,138

It is really encouraging to note that the percentage of owned capital to that of the working capital is more than 57 per cent. The position of the paid up share capital also shows satisfactory increase comprising more than 13 per cent of the working capital. Of late there has been an influx of numerous joint stock banks almost in all the towns of the Province and various temptations by way of higher rates of interest on deposits and other accommodations are being provided by them. Most of the bigger town banks are not getting enough deposits due to this competition which mainly accounts for the decrease in the working capital. The rate of interest on deposits has in recent years been reduced and the most common rate is 6 per cent per annum at present. Due to the present uncertainty of the money market, the terms of deposits

have automatically come down to one year usually. This is a great handicap for these banks as loans are generally issued for a term of three years.

The total loans due to these urban credit societies from members stood at Rs. 19,27,177 at the end of the year as against Rs. 19,12,348 in the previous year. Out of the loans outstanding a sum of Rs. 8,15,269 was overdue, which represents about 42·3 per cent. Some of the old Town Banks are finding extreme difficulty in recovering their dues amicably and this mainly accounts for the high percentage of overdues. All urban banks except the salary earners' societies are in a bad plight in this respect, due mainly to the continued economic depression, which has hard hit the urban members as well as those who are dependant on professional incomes. For the most part, these heavy overdues are legacies of the past due to indiscriminate issue of loans and want of timely action. These societies issued loans to the extent of Rs. 8,52,577 during the year as against Rs. 8,63,835 in the previous year and recoveries of loans amounted to Rs. 8,23,947 as against Rs. 8,02,240 in the preceding year. These issues and recoveries include some paper transactions as well. In spite of decrease in the issue of loans, recoveries showed an improvement.

The salary earners' societies, which are included in this type, are on the whole working satisfactorily. There are 15 such societies in Shillong alone with a working capital of Rs. 8,06,739 out of the total working capital of Rs. 26,49,138 for all the 163 urban credit societies in the Province. The Assam Range Postal Co-operative Society with its office at Shillong and having jurisdiction over a wide area of operation including some districts in Bengal, has got the highest number of members on its roll, which is 1,747, and it earned a profit of Rs. 7,781 with its working capital of Rs. 1,37,905 of which Rs. 67,332 represented share capital and Rs. 10,650 members' deposits. The Assam Civil Accounts Association Co-operative Mutual Benefit Fund at Shillong, amongst the employees in the audit office, had members' deposits of Rs. 82,863 out of a total working capital of Rs. 1,44,739 and it is rendering useful service to its members. Though most of these societies may be said to be running satisfactorily, the facilities afforded by them to a member to borrow from more than one society lay them open to the criticism of making credit easier than it should be. Besides, with a number of joint stock banks in the town, credit has become rather very facile. It would be well if these societies could co-operate with one another to prevent members from borrowing beyond their repaying capacity and also see that wherever possible they exercise thrift, for which purpose these societies have mainly come into existence.

The Sylhet Co-operative Town Bank, one of the oldest urban banks has got the highest working capital viz., Rs. 3,29,822 with 744 members on its roll. It has got a share capital of Rs. 21,490 and members' deposits of Rs. 77,723 and has built up Rs. 50,997 in reserve and other funds. Loans due by members were Rs. 1,93,499 of which Rs. 1,11,496 is overdue and it is faced with the difficult task of collecting some of its frozen assets. Some of these old Town Banks are struggling hard to recover the long

overdue outstandings and they are passing through difficulties as assets in some of these cases have become frozen and recovery by amicable means is not easy.

Amongst the salary earners' societies, the Assam Oil Company Indian Staff Co-operative Society still retains its position of distinction; but unfortunately the strike in Assam Oil Company at Digboi in April 1939, which went on for nearly 5 months has severely undermined its position. As a consequence the working capital came down to Rs. 1,63,346 during the year as against Rs. 1,71,853. The Bank is working entirely with its own capital comprising a share capital of Rs. 65,383 and thrift deposits of members amounting to Rs. 95,887 and has built up a reserve fund of Rs. 2,076 during its short tenure of 5 years' existence. Interest on loans to members is reduced to 6 per cent per annum for regular payments. The Bank is now retrieving itself gradually from the set back it had in its progress owing to the labour strike mentioned above.

Thrift societies of this type are gradually being formed amongst the teaching staff of several educational institutions and amongst employees of other public institutions. These societies have got a bright future and can ameliorate the economic condition of the middle class people by inculcating the habit of thrift amongst them.

The usual rate of interest on borrowings in this class of societies is 6 per cent and on lendings 9% per cent. The most general practice in this class of societies is to entertain an honorary secretary, with a remuneration on a percentage basis on annual profits, who is to conduct the routine and executive business of the society under the direction of the managing committee. The main co-operative security is the honesty and character of the borrowing members and if the habit of thrift can be cultivated amongst them by restricting loans for unproductive purposes, these societies will be able to claim a reasonable amount of credit for uplifting the economic position of the middle classes who are generally the members of these societies.

PURCHASE AND SALE SOCIETIES

The activities of the Co-operative Department in respect of this type of societies have been very limited. Though there was an extensive field, healthy public response was not forthcoming. It is an admitted fact that the agriculturists have to dispose off their products after reaping the harvest at whatever nominal price is offered at the moment. They cannot wait for better marketing and it is here that this type of societies plays its useful role. Some Dharmogalas were tried in the Sunamganj sub-division of the Sylhet District but not with any appreciable success.

At present there are some co-operative *milk societies* under this class doing purchase and sale business of the members' milk products. There were 15 milk societies, of which only 5 were practically working. The general supervision of this class of societies rested with the officers

of the live stock branch of the Agricultural Department under the Deputy Directors of Agriculture and Livestock. The Gauhati Co-operative Milk Societies' Union at Gauhati had four working milk societies supplying milk to it and milk produced in the Khanapara Government Farm was also sold through this union. This Union was supplying milk and milk products to the residents of the town of Gauhati. The Union's sale proceeds during the year 1939-40 amounted to Rs. 8,394 compared to Rs. 7,887 for the previous year. It handled 1,02,616 lbs. of milk during the year compared to 79,790 lbs. in the previous year. The financial position of the union is sound on the whole. The Agricultural Inspector, Livestock, Gauhati acts as ex-officio managing secretary. The control of the working of the union is vested in a managing committee consisting of representatives from the societies. This union alone of four unions or groups of the milk societies organised in the Province has succeeded. All others have failed financially, though the Karimganj group is still carrying on with difficulty. Out of the 3 societies in the Karimganj group, one continues to supply milk. 137 maunds 12 seers of milk were sold at a value of Rs. 581.

For purchase and sale of *bell-metal utensils*, the Assam Co-operative Bell-metal Utensils Manufacturing Society was registered during the year 1939-40 in a village where the people were mostly employed in the bell-metal industry. Its working capital of about Rs. 20,000 is made up of a paid-up share capital of Rs. 9,780 and deposits of Rs. 9,319. The Society was doing really useful work for the economic welfare of this class of people in areas where the industry was more or less centralised. It has extensive possibilities of expansion but for want of necessary finance the society has not been able to make much headway.

CONSUMERS' STORES

The Consumers' Movement in the Province has not made a satisfactory advance and is more or less limited to the needs of the middle classes. There were 17 stores in the whole Province at the close of the year 1939-40. Of these 7 were in the town of Shillong. Four of the stores were registered during the year while two have suspended business and await formal liquidation. A comparative statement showing the working of the stores in the Province for the last three years is given below.

No of societies	No. of Members	Share Capital	Reserve Fund	Other Funds	Working Capital	Sales	Profits
11	718	22,181	18,704	6,074	94,191	1,68,817	5,982
13	776	21,887	20,582	9,308	1,02,209	1,60,323	5,433
17	910	24,113	22,298	11,592	1,10,806	1,74,586	7,506

From the above figures it will be seen that sales could not rise satisfactorily in comparison to the working capital which indicates that the business turnover was not quick, capital being locked up in outstandings. Details of the actual working of some of these important stores may be interesting.

(1) The Police Bazaar co-operative stores, Shillong, is leading with sales of Rs. 84,354 against sales of Rs. 91,061 in the previous year. The major portion of the working capital consists of borrowings which are most unsatisfactory. This store is mostly run by government employees and so better results were expected. The rate of interest on the borrowings is usually rather high. The stores should try to increase their owned capital which would save the heavy interest charges. Its working resulted in a net profit of Rs. 4,629 but its most unhappy feature is that there is a huge outstanding with customers on account of the sale of goods on credit amounting to Rs. 36,261. This outstanding is a great hindrance to a quick turn over of its capital.

(2) The Friends' Co-operative Association, another stores at Shillong, worked with a profit of Rs. 982 during the year 1939-40 with total sales of Rs. 27,014. The stores must strive to recover early its outstandings on the sale of goods on credit and reduce its borrowed liabilities.

(3) The Dahlia Co-operative Stores at Shillong worked with a total sale of Rs. 8,905 only during the year 1939-40, though the borrowings and the paid up share capital were Rs. 16,880; outstandings with customers on the sale of goods were Rs. 13,912. A huge portion of this is not realisable. This stores is trying its utmost to recoup its position but in view of the losses incurred in the past and outstanding irrecoverable assets, it is doubtful if it will ever stabilise its position.

(4) The Assam Co-operative Stores, Shillong, registered during the year 1939-40, amongst the Assam Valley residents of Shillong, made a striking beginning. The total sales for eight months' working rose up to Rs. 16,710 and the net profit earned stood at Rs. 836.

(5) The Riblong Co-operative Stores at Shillong with only 29 members had total sales of Rs. 12,750 and earned a net profit of Rs. 517.

(6) The Khasi Co-operative Weaving Society, at Shillong, which is mainly in existence for imparting instruction in improved methods of weaving to the Khasi girls is working satisfactorily with its owned Capital and made marked progress during the year. The products of the society have got extensive sales.

There is a small stores—the Jonhat Normal School Stores,—mainly meant for students' requisites and it continued satisfactorily its limited activities. Two small stores at Raha and Kampur—in rural areas—amongst the Mandols and Kanungoes worked steadily with total sales of Rs. 4,142 and Rs. 4,055 respectively. There were two more stores in two tea garden areas catering to the daily needs of the labour population in the tea gardens.

From the above account it will be seen that stores societies in the Province could not make much headway and that efforts have been made to consolidate the consumers' movement only in a limited way.

SPECIAL TYPES OF SOCIETIES

The necessity of organising non-credit types of societies and industrial societies was gradually recognised with a view to give economic relief to the people in the sphere of production and distribution.

Weavers' Societies.—The most important work in this line was taken up in the year 1935 to organise co-operative weaving societies with a view to encourage this industry and to give the people economic relief as far as possible. Weaving is the most important cottage industry of Assam. This industry is generally carried on by the women folk of the Assam Valley who engage in it as a part time work, only to produce garments that are essentially required for their home consumption. In certain areas this industry was carried on on a business scale in the past. The competition of cheap foreign products available in the market is mainly responsible for killing this industry by making the people depend upon imported goods. It is really interesting to find that the people have again realised the necessity of this industry and shown an interest in getting it revived, and considerable progress has been achieved in this sphere in recent years. It is mainly with a view to help the people in their enterprise by introducing improved methods of weaving that the Department has taken up the matter and organised some Weavers' Co-operative Societies.

There are at present 31 weavers' societies in the Assam Valley with 285 members. The members have so far purchased 274 fly-shuttle looms with a view to taking up improved methods of weaving. The people have since realised the utility of fly-shuttle looms in place of the indigenous handlooms and consequently this industry has been taken up by male members too, who are well on their way to taking it up as a regular business, having discarded out-worn prejudices. These societies are at present financed by the central banks of the respective areas. The Government Emporium also supplies the necessary accessories to the societies on a hire purchase system and on joint security. The societies are to repay their instalments from the sale proceeds of the finished goods. The supervision of these societies is done by a Co-operative Weaving Inspector assisted by some Demonstrators. New designs are being introduced from time to time. The finished products are generally sold locally. The Government Emporium also places orders with the societies for goods to be prepared according to prescribed designs and specifications. The new designs produced by the weavers are appreciated by the people and the demand for hand-woven cloth having these designs is steadily increasing.

The Assam Bell Metal Utensils Manufacturing Society.—This society is situated in a far off village of the Kamrup District. With a view to reviving this industry this society was organised among the bell-

metal workers and registered in the year 1939. There are more than 1,000 families in the locality, out of which 534 workers have so far joined the society. The Society has been able to raise a share capital of Rs. 9,780 up to January, 1941 and has started work. There are immense potentialities for the development of this society, as the people of Assam generally use bell-metal utensils only. The success of this society, if it can be achieved, will serve as an incentive to similar efforts on the part of the people to revive other cottage industries of the province.

Better Living Societies.—For the uplift of the rural masses village welfare societies were started. Only two of them did some work. The want of adequate capital is standing in the way of progress of the Paharpur Sree Ramakrishna Palisannar Society, and the Athalti Samabay Sabha Sangha of Habiganj started a library, night school and Ayurvedic Dispensary for the benefit of the people of the locality.

Dharmagola Societies.—There are two Dharmagola Societies in Sunamganj where paddy is stored by members at harvest time to be utilised by members in times of distress or when necessity arises.

Land Improvement Societies.—The Pailgaon Land Improvement Society has been doing the useful work of protecting the paddy of members from the annual ravages of floods. It constructed an embankment which is saving the paddy fields of members from inroads of water hyacinth and floods.

Women Co-operative Societies.—Three thrift and savings societies were started among women. Of them the Sylhet Women Co-operative Thrift and Home Saving Society is showing good progress by receiving small monthly collections of savings from members out of their household expenses.

SUPERVISION, EDUCATION AND AUDIT

SUPERVISION

The work of supervision not only includes audit and inspection but also implies the duty of instructing the members in co-operative principles and propagation of the movement by the organisation of new societies on sound lines.

There exist two different systems of supervision of co-operative societies in the province of Assam—internal and external. Internal supervision is generally carried out by an officer of the society. This system can hardly be met with in a few urban banks.

As regards external supervision, this work is carried on by the departmental staff and by the staff maintained by the financing banks. The staff maintained by the central banks generally

supervise the work of the affiliated societies and help them when necessary. They are maintained by the central co-operative banking unions from the contributions received from Government for the purpose and partly from their own funds. They are directly under the control of the Central Banking Unions, but responsible to the central banks and to the Department. The main duty of the supervisors is to see that the amount lent out by the financing bank is always safe and secure and to render help to the societies in carrying out their work in accordance with co-operative principles. Further they have got to render help to the societies in maintaining their records properly, to teach account-keeping, to help them in holding meetings, to advise them to take steps for realising the overdue principal and interest from members and to get the defects pointed out in inspection and audit notes removed. The supervisors are required to submit their inspection notes to the authorities of the central banks to enable them to know the actual position of the affiliated societies. They are required to maintain an inspection chart for this purpose. While visiting affiliated societies for inspection they have to check the accounts in order to satisfy themselves about the validity of the expenditure incurred from time to time.

The supervisors are required to obtain a license from the Assistant Registrar of Co-operative Societies, to enable them to visit affiliated Societies, on behalf of the Boards of Directors of the central banks. This license is required to be renewed in the beginning of each co-operative year. The supervisors of the central banks must qualify themselves before they are entitled to possess a license for visiting co-operative societies, by undergoing the prescribed course of training in co-operative subjects and book-keeping. They must furnish the prescribed security as soon as they are appointed. Their duties are prescribed by the respective Chairmen of the central banks in consultation with the Registrar of Co-operative Societies. The supervisors have got to help the departmental officers at the time of audit and in organising new societies in suitable localities. They are to advise, guide and teach the members and have, therefore, to remain in close touch with the members of the societies.

The departmental supervision is conducted by the staff maintained by the Registrar. The object of the inspection by the departmental staff is to ensure that the work of the societies is efficiently and properly carried on by the managing committees in accordance with co-operative principles and to give them advice where needed. A copy of each inspection note recorded is sent to the respective Chairman, Central Banking Union for information and for taking steps as required, and another copy is submitted to the Assistant Registrar by the inspectors of the Valley for his perusal. Thus there exists a close harmony between the central banks and the departmental staff in the matter of controlling the affairs of the affiliated societies of the financing banks.

EDUCATION

In view of the prevailing deep illiteracy of the masses the spread of co-operative education is all the more essential for the success of the

movement. This was rightly recognised by the Assam Banking Enquiry Committee and they accordingly recommended a separate staff for co-operative education and propaganda in Assam. In the light of this recommendation two inspectors were sent to the Punjab in the year 1935 by the Assam Government to get them trained in co-operative work. On their return these two inspectors have been engaged in carrying on the work of co-operative education and training. Their main duty is to hold training classes for the benefit of the newly appointed staff of the Department as well as of the central banks and to carry on propaganda to spread co-operative education amongst the masses. Propaganda and education in fact go together. Some propaganda is also being carried on by means of a co-operative journal named—“*Samabai*”—a two monthly magazine issued rather irregularly, by delivering lectures in co-operative meetings in rural and urban areas and by arranging co-operative conferences. It is further contemplated to carry out propaganda by means of lantern lectures in rural areas.

AUDIT

The audit of co-operative societies of this Province is entirely carried on by the departmental staff since the inauguration of the movement and until recently no separate staff was maintained for the purpose except the Provincial Auditor. The inspectors had to do the work of audit. As they were overworked, the audit of some of the urban societies was generally allotted to each of the two Assistant Registrars of Co-operative Societies. The Provincial Auditor is entrusted with the audit of urban societies of Shillong and a few other big urban banks. The audit reports of the societies are required to be submitted to the societies within 15 days of audit and another copy to the Department in due course. The distribution of societies for audit is made by the Registrar just after the close of the year. The audited balance sheets are required to be submitted to the Registrar for compilation work before 31st August of each year.

The need for a separate audit agency being keenly felt from a long time, the Government have recently appointed 9 assistant auditors who have been placed in different circles and entrusted with the audit of some rural societies. There is a likelihood of strengthening the audit staff further and separating audit to relieve the Inspectors entirely for inspection work.

*“ Step by step, the longest march
can be won : can be won.
Single stones will form an arch
One by one, one by one ”.*

*“ And by union, what we will,
Can be accomplished still,
Drops of water turn a mill,
Singly none, singly none.”*

BENGAL

Provincial Editor

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CONTRIBUTORS OF NOTES

Khan Bahadur A. M. Arshad Ali, <i>Ex-Registrar, Co-operative Societies, Bengal</i>	..	A Retrospect
Khan Saheb W. Zaman	..	Rural Credit Societies; Central Banks; Urban Credit Societies; Purchase and Sale Societies; Production and Sale Societies; The Bengal Co-operative Alliance; Co-operation in the Gosaba Estate.
Rai Sanat Kumar Chatterji Bahadur	..	The Bengal Provincial Co-operative Bank; Land Mortgage Banks.
D. N. Majumdar, M.A.	..	Ganja Cultivators' Co-operative Society.
P. G. Sen, <i>Asst. Registrar of Co-operative Societies, Bengal</i>	..	Co-operative Weaving Industry in Bengal.
Nirmal Chandra Bhattacharya, <i>Professor, Scottish Church College and Lecturer, Calcutta University</i>	..	Supervision, Education and Audit.

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BENGAL

General Features.—The province of Bengal which is famous for the high fertility of its soil, is bounded on the north by Bhutan and Sikkim, on the south by the Bay of Bengal, on the west by Nepal and Bihar and on the east by Assam and Burma. In the year 1905 during Lord Curzon's Viceroyalty, the old province of Bengal was dismembered and 15 districts on the eastern side of Bengal together with* Assam was constituted into a new province with Dacca as its capital under a Lieutenant Governor. This Lieutenant Governorship was newly created. In accordance with the proclamation of His Majesty the King-Emperor at Delhi, by which the partition of Bengal was annulled the status of Bengal was raised to that of a Governor's province in the year 1912. The province was reconstituted in 1921 under the provisions of Reform Scheme, and certain departments including co-operation were placed under the control of Ministers appointed from among the elected members of the Legislative Council. With the coming into force of the provincial part of the Government of India Act of 1935, in April 1937, the province enjoys provincial autonomy, and has a bi-cameral legislature. The Governor† is assisted by a council of ministers the number being 10 at present. Cooch Behar and Tripura are the two Indian States in the province and have direct relationship with the Government of India. The province has an area of 77,521 sq. miles and a population of 60·31 millions§ (1941). The spoken language of the province is Bengali which is known to about 92 per cent of the population.

The climate of Bengal can be considered to be that of tropical type. The province has a normal annual rainfall of about 74·8 inches. The Ganges and the Brahmaputra, with their numerous tributaries water the length and breadth of the province and cover it with the rich alluvial mud. Bengal produces about 85 per cent of world's jute, 50 per

*Assam which was a part of the province of East Bengal and Assam, between 1905 and 1912, became separated and was placed under a Chief Commissioner till 1921, when it became a Governor's province, and came under the scheme of provincial autonomy under the Government of India Act of 1935, which came into force in 1937.

†Governor: Herbert, H. E. Sir John Arthur, G.C.I.E.

§ The percentages of population on basis of religion under 1941 census have not yet been published. According to the census figures of 1931, out of a total population of 50 millions, about 27·5 millions were Muhammadans, 21·6 millions were Hindus and the rest belonged to Christianity, Buddhism and other religions.

cent of India's tea and a large percentage of the total rice production in India among other crops like wheat, barley, pulses, etc. About 93 per cent of the population live on agriculture, the chief industry of the province. The other important industries are Jute, Timber and Fishery. There are about 96 jute mills, 25 cotton mills, 157 engineering companies and 4 paper mills in the province in the year 1937-38.

Calcutta is the capital of the province, the other important city being Dacca. There are two Universities one at Calcutta and the other at Dacca. The revenue and expenditure of the province were estimated at Rs. 14,03·14 lakhs and Rs. 15,37·38 lakhs respectively for the year 1941-42.

A Retrospect .—Before the passing of the Co-operative Societies Act of 1904 and even before the Act of 1912 came into operation the village moneylenders were the only agency for supply of rural credit in this Province. They charged a usurious rate of interest varying from 37 to 75 per cent and exploited the cultivators in various other ways. Although the conduct of the moneylenders inflicted serious hardship on the village borrowers the private moneylenders system continued to be tolerated as a necessary evil. The introduction of the co-operative system provided at once an alternative for supply of rural credit. The Co-operative Societies advanced loans at a lower rate of interest not exceeding 18¼ per cent and did not charge compound interest. These advantages made the credit movement popular among the agriculturists and compelled the private moneylenders to reduce their rate of interest. A large number of societies were organised every year between 1914 and 1928, but the progress was not sufficient to make an effective impression on the private moneylenders or to remove the glaring evils of private moneylending. In about 15 years time the number of village societies in this Province rose up to about 20,000 with a membership of 4½ lakhs families. But in a country where over 93 per cent of the population are agriculturists this progress must be deemed insignificant as it touched only about 6 per cent of the population. At the same time, the movement worked under many serious handicaps almost throughout its career. The war conditions during 1914 to 1918 followed by non-co-operation and no payment campaign in 1922 adversely affected the expansion of the movement. The general illiteracy of the agricultural masses and the absence of facilities for training them in co-operative principles and practices, the inadequacy of the supervising staff to cope with large expansion made it extremely hazardous to speed up the pace of the movement more quickly. Still however, if the moderate rate of progress could have been maintained after 1928 the credit movement would have covered by this time about 50 per cent of the villages in the Province. But this was not possible. The economic depression which commenced in 1929 continued with increasing severity every year and seriously disturbed the economic equilibrium of people in all walks of life. The agriculturists were the worst sufferers on account of the abnormal fall in the price of the agricultural commodities. The large body of jute growing members

of co-operative societies in the Eastern and Northern Bengal could not discharge even a fair portion of their monetary obligations to their societies with the result that a large amount of loans advanced to them during the prosperous predepression times turned frozen. This unforeseen circumstance compelled the financing banks to stop further expansion of the movement and supply of further credit to the members of the societies. This state of stagnation continued for 10 long years from 1929 to 1938. During this period the efforts of the Department and the non-official co-operators were mainly directed to the collection of frozen assets and the reduction in the borrowing rates and running cost of the Banks so as to enable them to work with balanced budget. These efforts succeeded in arresting further deterioration of societies and saved the movement from any serious set back.

As it appears the moneylending system being a profiteering system will not be able to work satisfactorily in the future at least for some time to come and therefore the alternative organisation—the co-operative system—should be supported without reservation so that it might ultimately become an effective rural credit agency.

There are altogether 86,000 villages in Bengal and it is roughly estimated that the co-operative societies have now covered about 20,000 villages. Rapid expansion of credit societies consistent with the soundness of organisation will be necessary for supply of short term credit. Since the announcement of Government in March 1939 about 6,500 more societies have been formed and a sum of Rs. 20 lakhs were advanced to these societies.

CO-OPERATIVE FINANCE

A. RURAL CREDIT SOCIETIES

The village moneylenders were the only agency for supply of rural credit in this Province. The introduction of the co-operative system in 1904 provided an alternative agency for supply of rural credit. The co-operative societies advanced loans at a lower rate of interest not exceeding 18¼ per cent. Thus the private moneylenders were compelled to lower their rates of interest. A large number of societies were organised every year between 1914 and 1928. In about 15 years' time the number of village societies rose up to about 20,000 with a membership of 4½ lakhs of families. But in a country where over 93 per cent of the population are agriculturists the progress must be deemed insignificant as it touched only about 6 per cent of the population. The continued economic depression from 1929 to 1938 set back the progress of the movement. The financing banks were compelled to stop further supply of credit to the societies. Most of the loans advanced to members turned frozen. The efforts of the department and the financing banks were mainly directed to the collection of frozen assets.

There are about 86,000 villages in Bengal and the co-operative societies have covered about 23,000 villages. In this Province there are as many as 34,228 village societies organised on unlimited liability basis, total number of societies being 37,439 with a membership of 11,62,560 and working capital of Rs. 21,24,67,996, out of which the agricultural credit societies number 34,228, their membership 7,79,244 and working capital Rs. 6,25,73,550.

B. CENTRAL BANKS

The rural credit societies have federated themselves into a central organisation which is called the central co-operative bank. These banks are located in the district and sub-divisional headquarters and at convenient centres throughout the Province and their number is 121 at present with 5,388 members and working capital of Rs. 5,53,56,882. They supply necessary credit to the village societies on the security of the unlimited liability of the members of the societies. The central bank raises the required capital from the paid-up shares of its constituents, from non-members' deposits and by borrowing from the Provincial Bank. It has an elected committee of management who generally work on honorary basis. The central banks are federated into an apex bank which is the Provincial Co-operative Bank. The legitimate functions of the apex bank are to serve as a balancing centre between the central banks or in other words to take in the surplus capital of different central banks and invest them in others which are not in a position to raise sufficient local capital for their activities and development of the movement in their areas. It also raises capital independently on its own account.

If the co-operative credit movement is required to play the role of an effective rural credit agency it must have sufficient capital to back it. In the past this capital was raised mainly from the investing public as non-members' deposits. But now on account of stagnation in the movement the central banks are not in a position to raise capital locally. This has put a strain on the Provincial Bank to supply the required capital.

Loans have become frozen, the confidence of the creditors in the central banks has been shaken, the movement has been reduced to a humiliating position and the co-operators are despaired of its future.

As long ago as 1939 the Hon'ble Minister for Co-operation gave an assurance on the floor of the Bengal Legislative Assembly that "the Government fully intend to support the co-operative movement in the province and will not allow it to fall into serious danger" and "the Government will also see that the cultivators obtain short term seasonal loans as and when required." As a result of this announcement, the Government advanced a loan of Rs. 13½ lakhs to the Bengal Provincial Co-operative Bank in 1939-40 for supplying short-term crop loan to cultivators. A sum of Rs. 60 lakhs was sanctioned in 1940-41 and a provision of another Rs. 60 lakhs for this purpose has been assured for 1941-42.

In 1939-40 the Bengal Provincial Co-operative Bank advanced Rs. 20 lakhs, including the Government loan of Rs. 13.5 lakhs as short-term crop loan to several central banks. This amount was invested in 10,000 societies of which 6,500 societies were newly organised for this purpose. About 2 lakhs of members received the loan, with an average of Rs. 10.5 per member. The entire loan was paid back within the stipulated time. In the year 1940-41 the Bengal Provincial Co-operative Bank invested about Rs. 45 lakhs but did not venture to utilise the full amount available from the government. It has been found that the margin between the borrowing and the lending rates of the Provincial Bank, the central banks and the societies is so low that it does not cover the cost of management and the obligatory charges these institutions have to meet. Again while the crop loan is realised old loans remain unpaid and the movement is left exactly where it was.

The solution of the problem calls for a thorough change in the outlook, and a clearly defined programme for the reconstruction of the movement as a whole. During the last twelve years when the condition of the movement was becoming more and more precarious no serious attempt was made in this direction. The former Registrar drew up a scheme of rehabilitation of the societies but no action has been taken on it. Some time ago a committee was appointed by the Bengal Provincial Co-operative Bank to suggest measures for surmounting the difficulties that were confronting the Provincial Bank and the movement.

The continuance of the deadlock in the movement is not only causing deep concern in the country but a sense of frustration among the non-official co-operators. The rehabilitation of the societies and the reconstruction of the movement should be taken up in right earnest without the least delay if the movement is to be saved from total collapse.

C. PROVINCIAL CO-OPERATIVE BANK

The Bengal Provincial Co-operative Bank had its nucleus in the Bengal Provincial Co-operative Federation which was registered in February, 1918 and started its work in the month of April, 1918. Before the Federation started work, it was the Alliance Bank of Simla, Darjeeling Branch, which used to finance the co-operative central banks under the cash credit system. On the 1st of July 1918 the Bengal Provincial Co-operative Federation took over all the cash credits granted by the Alliance Bank of Simla to the central co-operative banks in the presidency of Bengal and the total cash credits thus taken over was about 3 lakhs of rupees. Almost all the central banks in the province joined the Federation before the 31st December, 1918.

The Federation provided investments in its current and short term deposits at remunerative rates for several lakhs of rupees which would otherwise be idle in the hands of central banks for some months before the sowing season. The Federation was at its inception managed by a

Board of Directors with the Registrar as its ex-officio Chairman. Mr. J. T. Donavan, I.C.S., was its first Chairman.

In 1922 the name of the Federation was changed to the Bengal Provincial Co-operative Bank. From this year non-official Chairman has been elected. Amongst others the following distinguished names may be mentioned as the holders of the office of the Chairman :— 1. Mr. I. B. Dutt, Managing Director, Comilla Union Bank, Ltd., 2. Mr. S. R. Das, Advocate-General, Bengal. 3. Sir R. N. Mukherjee, K.C.I.E., K.C.V.O., (From 1927 to 1930). 4. Mr. J. N. Basu, M.L.A., Solicitor (From 1931 to 1934). 5. Mr. W. C. Wordsworth, M.L.A., Ex-Director of Public Instruction, Bengal and Assistant Editor *Statesman* (1934-1941).

Nawab Sir K. G. M. Furoqui, Ex-Minister of Co-operation of the Government of Bengal is the present Chairman and he was unanimously elected on the 7th September 1941.

In 1923 the system of withdrawal by means of demand draft from current account was introduced. In 1928 the Savings Bank Department was opened. Cheque system in the current account was introduced from 1st January, 1940.

The Provincial Bank financed the co-operative jute sale societies, but they did not prove successful and they had to be liquidated in 1930. The failure of the jute sale and supply societies had a repercussion on the Provincial Bank. The then Minister-in-Charge of Co-operation obtained a guarantee from the Government of Bengal for 3 years of a cash credit of Rs. 30 lakhs with the Imperial Bank of India. This was intended as a second line of resource on which the bank may fall back in case of emergency. But there was no occasion to draw upon the same at all.

In 1934-35 in order to make good the entire losses sustained by the Provincial Bank on account of its investment in the jute sale and supply societies, the Government of Bengal granted a subvention of Rs. 24 lakhs in annual instalments of Rs. 2 lakhs for 12 years. Rs. 8 lakhs have been drawn up-to-date on that account. The present Chairman of the Bank, Nawab Sir K. G. M. Furoqui was at that time the Minister in charge of Co-operation to the Government of Bengal.

The lending rate of the Provincial Bank to the central banks was at about this period reduced to an effective rate of 5 per cent on old long term loans in order that there might be corresponding reduction of interest to the ultimate borrowers.

For the last two years the Provincial Bank has changed its loan policy and has practically confined its business to advancing short term loans to the central banks for the purpose of supplying the necessary small credit to the actual cultivators for raising their seasonal crops. For the last two years both the Department and the Provincial Bank agreed that the future of the co-operative movement in this province

depended on two important factors, viz., 1. expansion of business on sound lines and 2. liquefying the frozen assets of the Provincial Bank and their realisation by instalments spread over a number of years. It was agreed that the ultimate goal of co-operative credit organisations was to undertake the supply of the entire rural credit for seasonal agricultural operations, so far as it was consistent with sound business principles. There are over 80,000 villages in Bengal, and as yet only about 25,000 of them have got co-operative credit societies, their membership numbering about 350,000; and even amongst these many of the solvent cultivators have not entered the co-operative fold. With the shrinkage of credit on account of the various legislative enactments like the Bengal Agricultural Debtors' Relief Act and the Bengal Money Lenders' Act capital has become shy and it was felt that the Government must substitute some alternative for supply of rural credit to meet the seasonal demand of the cultivators in rural Bengal.

The Government of Bengal accepted this principle and placed in the hands of the Provincial Bank a sum of Rs. 13½ lakhs in 1939-40 for advance of crop loans. The Provincial Bank advanced a sum of Rs. 20 lakhs (the balance out of its own funds) and could in that year realise the same in full and returned the Government advance with interest at the rate of 3¼ per cent. In the year 1940-41 the Government placed at the disposal of the Provincial Bank a sum of Rs. 55 lakhs for this purpose. The Bank drew a sum of Rs. 45·45 lakhs during this period. Of this a sum of Rs. 36·50 lakhs has been realised up-to-date and the Bengal Provincial Co-operative Bank expects that the major part will be realised, except a small amount invested in those areas where there has been total failure of crops and therefore some extension of time may have to be allowed. In the Begerhat central bank there was considerable diversion of funds to pay the depositors and the Provincial Bank at first refused to further finance crop loan in that area but they have on proper securities being given for the defaulted amount agreed to advance crop loan this year.

For the year 1941-42, the Government has sanctioned a fresh loan of Rs. 60 lakhs for crop loans at the same rate of interest, viz., 3¼ per cent. Besides the crop loans, the Provincial Bank is expanding its business in the marketing line. A few large multi-purpose societies have been formed, which are financed by the Provincial Bank and one of them has already a rice mill of its own and another is working in a hired mill. These societies get the crop of their members and also that of the members of the local crop loan societies. This is done by purchase outright at its inception, but once business relations are established only about 75 per cent of the value need be paid at the time of delivery and the balance may be paid after the sale of produce. The conjoint action of the central bank and the multi-purpose societies in the same area is calculated to effect "total co-operation" through the medium of Provincial Bank.

Besides these large multi-purpose societies, the Bengal Provincial Co-operative Bank has been financing certain large fishery societies of which the deep sea fishery societies known as Chittagong Matsyajibi Samabaya Samity working in the Bay of Bengal and the Bidyadhari Spill Matsyajibi Samabaya Samity in the suburb of Calcutta may be mentioned. The Bengal Provincial Co-operative Bank has recently refused to undertake long term commitments like finance to land mortgage banks. The Registrar stated before the Board of Directors that he had gone up to the Government so that the Government out of its general funds would advance all moneys that might in future be necessary for the land mortgage banks and also to recoup the Provincial Bank of the sums they had advanced so long. The present Board, however, has refused to invest any further amount out of their own funds until there is a clear definement of Government attitude and hence a sort of deadlock has set in and no further loans are being advanced to these banks. One of the primary land mortgage banks, *viz.*, the Jessore Bank is working at a loss and two of them have failed to meet their engagements to the Provincial Bank.

The present Board of Management consists of 24 members, out of whom 18 are elected members, 3 from Calcutta and 3 from each of the 5 Commissioners' Divisions—not more than one to be elected from each administrative district. The Registrar nominates 3 members to the Board. Three members have been co-opted by the other 21 members. Under the Government Rule 13 it is necessary for a Director who is sitting for 3 years to obtain permission from the Registrar for standing for re-election. This year for the first time the new Registrar has refused permission to every one of the time-barred directors. He has however, nominated Mr. W. C. Wordsworth, M.L.A., who was the Chairman of the last Board. For the first time in its history the Registrar (either *ex-officio* or by name) has not been elected to the Board of Directors of the Bengal Provincial Co-operative Bank nor the Deputy Registrar has been co-opted to the Land Mortgage Bank Subcommittee. The present chairman has not been chosen by the Department, as was done hitherto, but has been elected by the co-operators themselves.

The working capital of the Bank as on 30th June 1941 is Rs. 2,89,16,159. The paid-up share capital is Rs. 19,40,300 and the Bank has got a Statutory Reserve Fund amounting to Rs. 8,33,439 and a Special Reserve Fund of Rs. 20,55,309. The investment in the Central Banks and societies amount to Rs. 1,33,54,932 and in the land mortgage banks Rs. 6,25,512 and the cash credit to the central banks and societies Rs. 5,49,104 on 30th June 1941.

A copy of the balance sheet as on 30-6-1940 is appended. The audited balance sheet as on 30-6-1941 is not yet ready.

THE BENGAL PROVINCIAL CO-OPERATIVE BANK LTD.
Balance Sheet as on 30th June 1940.

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
	Rs.		Rs.
I. Share Capital paid up	18,67,975 0 0	I. Cash in hand and with Branch	74,505 9 0
II. Reserves:—		II. Cash at Bank	24,391 0 1
(a) Statutory Reserve	7,75,343 4 6	III. Investment	77,51,570 0 0
(b) Special Reserve	20,08,478 5 0	IV. Loans and Cash Credit to C. Banks	
(c) Other Funds	8,27,798 10 6	and Societies	1,50,65,091 7 4
III. Deposits:—		V. Advances from Industrial Develop-	
(a) Current	16,05,614 7 5	ment Fund	13,890 4 0
(b) Savings Bank	17,63,273 10 1	VI. Dues from Societies (in liquidation)	29,85,383 12 4
(c) Fixed and other	1,22,33,002 11 11	VII. Loans to Individuals	1,66,249 15 6
(d) Employees' Provident Fund	53,413 1 7	VIII. Interest receivable	31,25,219 12 7
(e) Employees' Security Deposit	25,800 0 0	IX. Central Banks' and Societies' invest-	
IV. Loans and Overdrafts	74,81,079 4 9	ment as per contra	65,370 0 0
V. Central Banks' and Societies' invest-		X. Advance recoverable	7,193 5 6
ment held by the Bank as Security		XI. Branch adjustment	616 10 0
and in safe custody—per contra		XII. Property	5,080 4 0
VI. Interest payable	3,33,202 1 7	XIII. Dead Stock	11,574 0 9
VII. Dividend due	17,160 10 6	XIV. Stock of Demand Draft books, Home	
VIII. Income Tax outstanding	11,348 1 6	Safe Boxes, etc.	2,161 2 8
IX. Cost of Management due	307 3 0		
X. Suspense	1,69,923 15 1		
XI. Balance transferred from Profit and			
Loss appropriation account	59,089 12 4		
Total	Rs. 2,92,98,277 3 9	Total	Rs. 2,92,98,277 3 9

D. LAND MORTGAGE BANKS

The history of the growth of the Co-operative Land Mortgage Banks in Bengal is remarkable from more than one point of view. We have a peculiar system of land tenure essentially different from the rest of India. There are the big Zamindars who are regarded, under the Permanent Settlement Regulations, as proprietors of the soil. Under them there is an infinite variety of subinfeudations in the shape of tenureholders, under whom we have got the actual cultivators—"rai-yats" as they are called—and again under these rai-yats we have a series of tenants known as Korfa or under rai-yats. The majority of these rai-yats have now got rights of occupancy. The occupancy raiyat originally had no transferable interest except by custom and it is only in recent years they have acquired by legislation the right to transfer their holdings and create charge thereon. Moreover under law rent is a first charge on the tenure or holding and as such there is the risk of the encumbrances or mortgage liabilities being annulled by the rent sale or revenue sale purchaser. It is only the protected interest like rights of occupancy which are not affected by these sales.

Naturally the growth of the land mortgage banks in the province must be slow as compared with provinces with a ryotwari tenure with the government as the sole landlord where the land mortgage bank securities guaranteed by the government are less likely to be jeopardised by a rent sale at the instance of the Government, who happens to be guarantor.

Origin and History of the Scheme.—It was in the year 1933 that the Co-operative Department under its Late Registrar, Khan Bahadur A. M. Arshadali, proposed the organisation of five co-operative land mortgage banks as an experimental measure in certain selected areas in the province with a total working capital not exceeding Rs. 12½ lakhs to be raised by the issue of debentures, the interest on which is to be guaranteed by the government during the total period of the currency of the same.

It was stated that the principal objects of these banks would be to supply long term credit requirements to substantial cultivators, small land-owners and rent-receivers and the like who fell within the description of "persons of limited means" for the purpose of

- (i) redemption of mortgages or lands or liquidation of prior debts,
- (ii) improvement of land and method of cultivation, and
- (iii) purchasing of land for rounding off holdings or working them more economically.

A detailed scheme with proposals of Government assistance was drawn up and the same was placed before the Board of Directors of the Bengal Provincial Co-operative Bank, on the 17th September 1933. The Board of Directors deputed two of them, viz., the writer of this

article and another Director to study the system in vogue in Madras and make their recommendations regarding the feasibility of the proposal or otherwise in Bengal. Their Report has been published by the Bengal Provincial Co-operative Bank in the form of a book, *Land Mortgage Bank*.

Amongst others they recommended—

(1) that a Central Land Mortgage Bank should be established in Calcutta which would float necessary debentures as required by the primary land mortgage banks,

(2) that the local government must guarantee both principal and interest of these debentures and the Government of India should be moved to undertake the necessary legislation so as to convert these into Trustee securities by the amendment of the Indian Trust Act, 1882.

(3) that the Government of Bengal do grant all the facilities and privileges which the Madras Government had allowed in that province to the Madras Land Mortgage Bank.

It was further recommended that if all the facilities as mentioned in their report were arranged, then and then only as a temporary measure the Bengal Provincial Co-operative Bank, might undertake the duties of the Central Land Mortgage Bank with the ultimate object of transferring the entire assets and liabilities under this head to the Central Co-operative Land Mortgage Bank when it would come into existence, otherwise, the proper course would be to start a Central Land Mortgage Bank immediately and the Provincial Bank should act as its Managing Agent without any financial liability.

It was further stipulated that if the Provincial Bank did agree to undertake the floatation of debentures temporarily it should not consent under any circumstances to open a sinking fund nor to carry any profits earned on normal business to such fund or to Debenture Redemption Fund nor should allow the Trustee or the debenture-holders any charge on its general assets but the said charge should be exclusively confined to the mortgages transferred to the primary land mortgage banks on the backing of which the debentures were to be issued.

The Board of Directors of the Bengal Provincial Co-operative Bank accepted these latter recommendations and agreed as a temporary measure to open a separate land mortgage bank department with separate set of accounts and to float debentures, both principal and interest to be guaranteed by the government, with the express provision that the debenture-holders should have no charge on the Banks' general assets, their charge being exclusively confined to the mortgages transferred by the Primary Land Mortgage Banks.

The department entrusted the task of drawing up the form of these debentures to the Solicitor to the Government of Bengal. In the

meanwhile the Provincial Bank started financing the primary land mortgage banks from its own assets with the expectancy that as soon as the Government guaranteed debentures were floated the Provincial Bank would be able to recoup its entire advances.

It took several years before the Solicitors to the Government of Bengal gave a final shape to the debenture after several conferences with departmental officers and representatives of the Provincial Bank. The department has not however yet come forth with the concrete proposal of floatation of debentures nor the Government determined the rate of interest thereon which is necessarily a condition precedent. In the meanwhile the War has broken out and it is understood that the Reserve Bank has advised that it is not possible now to float the debentures at a reasonable rate of interest.

The Bengal Provincial Co-operative Bank, has, however, financed these primary land mortgage banks, for the last few years from its own funds.

The first advance was made on 6th March 1935. The total advances made by the Bengal Provincial Co-operative Bank, are as follows :—

On the 30th June 1936	..	Rs.	1,84,363
—do.— 1937	..	"	3,19,757
—do.— 1938	..	"	4,03,693
—do.— 1939	..	"	4,46,896
—do.— 1940	..	"	5,12,698
—do.— 1941	..	"	6,25,512

So far as the Bengal Provincial Co-operative Bank was concerned there was no default till last year but on account of the fact that the Mymensingh Land Mortgage Bank which is the largest of the 5 land mortgage banks had, it is alleged, become self-supporting, they were made to refund the entire advances made by the Government towards their management expenses, the said Bank had failed to meet its obligation to the Provincial Bank to the tune of Rs. 9,000.

The other default was made by the Birbhum Land Mortgage Bank which on account of the famine conditions prevalent in that area has failed to meet their obligation to the extent of Rs. 5,800 only. The Jessore Land Mortgage Bank, however, defaulted payment of Rs. 3,086 in June 1941 but subsequently cleared off the amount on 2nd July 1941.

As the amount advanced by the Provincial Bank to the primary land mortgage banks increased it was perceived that the present system should not continue. The Provincial Bank had no long term funds and it is against all banking principles to finance long term commitments for about 20 years with short term capital.

The Board of Directors have been pointing out to the department for several months that the Provincial Bank was not prepared to advance any further sum to the land mortgage banks unless the

government be prepared to float the debentures and make arrangements for the necessary funds.

As a matter of fact about 6 months back they stopped such advances. The Registrar of Co-operative Societies, Bengal, however, stated before the Board that he had gone up to the government with the proposal that the government would out of its own funds recoup the Provincial Bank not only of the amount they would advance in future but all advances they had made so far. On this the Provincial Bank continued to advance loans to the primary land mortgage banks. The present Board with its Chairman, Nawab Sir K. G. M. Farouki, Kt., Ex-Minister-in-charge of Co-operation, Bengal, however, reconsidered the matter and as the proposal before the Government has not matured as yet has very rightly refused to advance any further sum under this head from the Provincial Bank's own funds until the Government of Bengal is prepared to put in the said money into the Provincial Bank.

According to the Departmental Scheme there were started 5 primary land mortgage banks in the headquarters of the five districts, viz., Mymensingh, Comilla, Fabna, Birbhum and Jessore each in one of the five Divisional Commissioner's jurisdiction.

As there was prompt financing in the manner depicted above, naturally there was a great demand for such banks in other parts of the province as well. People realised the utility of these institutions where it was possible to scale down one's debts without loss of self-respect and without drying up one's credit for normal requirements. At the instance of the members of the legislature the government sanctioned the establishment of 5 more land mortgage banks. But unfortunately as yet it is on paper only—the department has not even fixed their location nor given out up to what amount the government would be prepared to guarantee the advances to these institutions nor what staff or facilities would be granted to these primary banks. In the meanwhile on account of delay in the floatation of debentures or the proposed Government advance even the existing five land mortgage banks have had to suspend their expansion and the whole movement has got a setback.

The compulsory refund of the advances made by the Government towards management charges has led to default in the payment of the Kist by the biggest of the existing land mortgage banks, viz., Mymensingh and that has intensified the situation.

It is said that the operation of the Debt Settlement Boards is responsible for the stagnation of this branch of the movement but a closer examination will reveal that the class of tenants, who really avail themselves of these banks, seldom resort to such Boards. They belong to the more solvent class of agriculturists who have got repaying capacity.

The new Co-operative Societies Bill which contains some provisions for the land mortgage banks has passed through the legislature about a year ago but the co-operative department has not yet been ready with the Rules to be framed under the Act and so the Act has

not come into operation. The Act appears to be a retrograde measure and is likely to drive out non-official initiation and unless the Hon'ble Minister in charge of Co-operation makes the rules in a broadminded sympathetic spirit it is likely to hamper the growth or it may stifle the demand for long term finance through the machinery of co-operative banks.

There are, however, a few important provisions for the land mortgage banks enabling them to realise their dues through the certificate procedure under the Public Demands Recovery Act in cases of wilful default. Even now the land mortgage banks have these facilities under a special Act.

We have not been able to get the consolidated figures for 1939-40 or 1940-1941. As regards the former we were told that they are still under examination by the government.

I have however had access to the balance sheets of the 5 land mortgage banks.

An analysis of the same shows the following facts :—

In rupee figures as on 30th June 1941

Item.	Mymensingh.	Comilla.	Pabna.	Jessore.	Birbhum.	Total.
Share Capital	14,240	13,898	9,473	5,740	11,135	54,486
Loan from Bengal Provincial Co-operative Bank	172,250	127,083	125,175	89,143	108,775	622,426
Reserve Fund	922	4,250	....	359	....	5,531
Admission Fee	1,381	2,836	1,031	517	917	6,682
Amount due to Government for advances	7,634	4,234	4,190	4,701	4,260	25,019
Profit or Loss	4,785	3,206	404	—1,298	606	7,703
Interest due to Bengal Provincial Co-operative Bank	4,712	1,551	2,437	2,405	3,239	14,344
Loans to Members	189,194	146,738	133,187	89,748	118,376	677,243
Overdues principal from Members	15,274	4,989	6,214	5,472	not stated	31,949
Interest outstanding	13,975	7,933	8,578	10,100	9,544	50,131
Overdue interest	2,214	3,429	5,221	7,340	5,141	23,346

It thus appears that the Jessore land mortgage bank is working at a loss—that in none of the banks is there realised profit and if the Government realise their advances as shown above all these banks will show a debit balance if not on paper—in actual fact. The Government should make a grant of this amount or write the same off in their books. It is too costly to keep the high paid Government staff for these infant institutions.

As regards the loans from Bengal Provincial Co-operative Bank, there is a discrepancy of Rs. 3,086 as shown in the Provincial Bank books and those compiled above. This is due to the fact that the Jessore Land Mortgage Bank despatched a sum of Rs. 3,086 on 30th June 1941 to the Provincial Bank debiting the same in their books which was credited in the Provincial Bank ledger on the 2nd July 1941 when the same was actually received.

For the seasonal demands for crop requirement the members of the land mortgage banks are getting credit from the neighbouring crop loan societies.

In the new Co-operative Societies Act there is a provision that a member of a land mortgage bank would be entitled to raise further credit by permitting him to create a charge on the mortgaged properties for a period not exceeding five years (*vide* Sec. 95 clause (1) 16).

The utility of this provision is a bit controversial. It is likely to complicate the matter further and legal difficulties are likely to arise in future. The Government will frame rules on this question and we are awaiting these rules. The Bengal Provincial Co-operative Bank advances loans to the primary land mortgage banks at the rate of 5 per cent per annum. The primary land mortgage banks charge the members at the rate of 8¼ per cent. The rate appears to be too high and the margin is too big.

This is probably due to heavy and costly establishment charges. Both Government and the Provincial Bank should examine the problem of reducing the margin and the Provincial Bank and the Boards of Directors of the primary banks should try to substitute cheaper management without reducing efficiency. This can be done if the Government staff is dispensed with or the Government do not charge for them till the societies become self supporting on actual realised profit basis after making proper allowances for bad debts.

E. URBAN CREDIT SOCIETIES

Co-operative Urban Societies assumed various forms from the time of the introduction of the Movement in Bengal, the most important being Urban Banks organised amongst the employees of mercantile firms, Railways and Government offices. While the agricultural credit societies are fast dwindling down, the Urban Banks, on the other hand are developing and progressing very rapidly, particularly the societies in the Calcutta offices. This side of the Movement is almost as big as the agricultural side with a working capital of Rs. 6.16

crores and a membership of 2·65 Lakhs. The collection of dues of the societies is very satisfactory and overdues very small, rarely exceeding 11 per cent. Bengal can very well boast of the progress of the Movement with regard to urban credit co-operation.

Employees' Societies.—In Calcutta there are 164 such societies. The following are most important with regard to their working capital and membership :—The E. I. Ry. Employees' Co-operative Credit Society, the E. B. Ry. Co-operative Credit Society, the B. N. Ry. Employees' Urban Bank, Martin's Co-operative Credit Society, the Calcutta Tramway Employees' Co-operative Credit Society, Bengal Secretariat Co-operative Credit Society, Bengal Police Co-operative Credit Society, Bengal Chamber of Commerce Co-operative Credit Society, Begg Dunlop & Co.'s Employees' Co-operative Credit Society, Calcutta Customs General Co-operative Credit Society, Clive Co-operative Credit Society, Calcutta Police Co-operative Credit Society, Calcutta University Press Employees' Co-operative Credit Society, Duncan Co-operative Credit Society, Electro Urban Co-operative Credit Society, Premier Co-operative Credit Society, Post and Telegraph Department Employees' Co-operative Credit Society, Survey of India Co-operative Credit Society, Treasury Buildings Co-operative Credit Society, Tisco Co-operative Credit Society, Calcutta Corporation Co-operative Credit Society and Co-operative Credit Society of the Commissioners for the Port of Calcutta.

Artisans' Societies.—The Artisans' Societies have reduced to the position of credit societies and are not working very well.

Fishermen's Societies.—The number of these societies is 120 and their membership is 6,073. The most important societies are the Chittagong Fishery Society and the Bidyadhari Spill Fishery Society situated near Calcutta.

Weavers' Societies.—The number of weavers' societies is 358, their membership is 8,213 and their working capital is Rs. 6·27 lakhs. These societies are generally working on credit basis.

Silk Societies.—The number of Silk Societies is 78 consisting of 76 cocoon rearers, one cocoon reeler and one Silk association. These societies are not working well due to competition with artificial silk.

Zamindary Societies.—There are two such societies in the Province. The Calcutta Youngmen's Zamindary Society is progressing very soundly. It has a membership of 340 and working capital of Rs. 78 lakhs. The Tamluk Krishi-o-Zamindary Society has a membership of 166 with a working capital of Rs. 40 Thousand.

House Building Societies.—20 such societies are at present functioning in the province, the most important being the Darjeeling Housing Society and the Calcutta Suburban Colony Society.

Total number of Urban Co-operative Credit Societies in Bengal is 608, their membership is 2,65,331 and working capital is Rs. 616 lakhs. The paid up share capital is Rs. 122.29 lakhs and Reserve Fund is Rs. 46.28 lakhs. Loans issued to members during the year 1940 amounted to Rs. 361.78 lakhs.

PURCHASE AND SALE SOCIETIES

The present number of these societies is 73 and their membership 32,830. The total working capital of these societies is Rs. 8.53 lakhs. Some of these societies are working well. These societies trade in various kinds of commodities, the most common being paddy. Of the paddy sale societies the most important is the Gosaba Sale Society with its attached Jamini Rice Mill, the Bakarganj Sale Society with its attached Donovan Rice Mill and the Parbatipur Sale Society. The Jamini Rice Mill at Gosaba earned a net profit of Rs. 3,689 the Donovan Rice Mill Rs. 11,716 and the Parbatipur Sale Society by its paddy business Rs. 3,042 in 1940.

Cotton is not generally grown in Bengal except in the hill tracts of Chittagong. Recently a cotton sale society has been started at Rangamati, the headquarters of Chittagong Hill tracts. Of the sale societies in Bengal, the Naogaon Ganja Cultivators Co-operative Society in Rajshahi district is the most important. This society maintains 3 charitable dispensaries, one High English School, 3 M. E. Schools, one High English Madrasah and 52 primary schools and makhtabs.

PRODUCTION AND SALE SOCIETIES

The total number of these societies is now 378. The most important societies under this category are the milk societies, sugarcane growers' societies and the weavers' societies. The total number of Milk Societies is 226 with an aggregate membership of 10,814. There are four Milk Unions. The Milk Societies Union at Calcutta has 123 societies affiliated to it. Its working capital is Rs. 2.05 lakhs and Reserve Fund Rs. 1.38 lakhs. The Calcutta Milk Societies Union on the average handles milk worth Rs. 2 lakhs annually. In the year 1938 it earned a net profit of Rs. 7,892 and in 1939 Rs. 6,510 and in 1940 Rs. 6,882.

The sugarcane growers' societies number 148, their membership 2,507 and their total working capital is Rs. 43,954 in the year 1940. These societies are progressing well.

SPECIAL TYPES OF SOCIETIES

THE GANJA CULTIVATORS' CO-OPERATIVE SOCIETY

The Ganja Cultivators' Co-operative Society at Naogaon Rajshahi is one of the most successful co-operative institutions in the province of Bengal. It may serve as a model for agricultural marketing societies

in India. The Society has its registered office at Naogaon, a Sub-Divisional town in the district of Rajshahi. Naogaon is about three miles to the west of the railway station of Santahar, E.B.Ry.

The present ganja mahal or the tract of country in which the drug is cultivated comprises 148 villages as against 235 in 1854. It is now being cultivated in about 800 bighas. The area of cultivation has been reduced in consonance with the fall in consumption of the drug. The process of cultivation is lengthy and tedious and involves much expense. Two varieties of ganja are prepared; one called the round ganja is rolled up by hands and the other called the flat ganja is made by pressing, treading and trampling the plants. The manufacture of round ganja is more expensive and the cultivators therefore get a reward for manufacturing it. The manufactured ganja is then stored in the public warehouse at Naogaon at the end of March (or by the middle of Chaitra) and graded into three qualities by an expert committee. The sale of new ganja generally commences from April every year.

Formerly ganja was sold by the cultivators direct to the licensed *Golanders* or licensed wholesale dealers. But the arrangement was found unsatisfactory. Brokers were introduced but brokers also began to fleece the cultivators. Therefore, the Naogaon ganja cultivators' co-operative society was established in July 1917 and registered under the Co-operative Societies' Act II of 1912. Since its establishment, the Government granted the society the exclusive privilege of selling ganja and bhang wholesale in the Province of Bengal on some conditions, the chief among which was that the society would have to pay an excise maintenance cost for the preventive staff to be posted at Naogaon. The membership of the society is open to *bona-fide* ganja growers residing in the sub-division of Naogaon. The number of members is 3,802. The value of each share is Rs. 10 wholly paid up. The society purchases both members' and non-members' products. But as non-members are entitled to receive deferred price and bonus only at half rates, they purchase shares of the society at the earliest opportunity. The number of non-members is insignificant. According to the terms of license every ganja cultivator is compelled by law to sell his products to the society and the latter is to purchase all ganja which is declared fit for human consumption. After one month from the date of storage the cultivators are paid in advance price at a rate determined by the Committee of Management and sanctioned by the Registrar of Co-operative Societies, Bengal. During the second half of the working year of the society, the member ganja producers are entitled to receive from the Manager payment of a deferred price. The rate of this price also is determined by the committee with the sanction of the Registrar provided that the rate of price at the time other than the first instalment to member-cultivators are double the rate of price to non-member-cultivators. If after closing of accounts at the end of the year it is found that the profits earned justify payment of a bonus and a dividend on shares the cultivators receive in

addition to the 1st and 2nd price mentioned above, a bonus and a dividend. For the 1940 crop advance price was paid at the rate of Rs. 70, Rs. 60 and Rs. 50 per maund of 1st, 2nd and 3rd class ganja respectively. The committee of management has recommended payment of a further instalment of Rs. 20 per maund as deferred price.

Licenses for cultivation are issued annually to check excess production. A principle is being introduced that licenses would be issued only to members of the society and those who fail to grow ganja for 3 successive years would cease to be members unless the committee of Management has special reason to decide otherwise.

The society has established 36 agencies in different district and sub-divisional towns of Bengal to give issues of ganja to the retail shopkeepers. The retail vendors deposit the cost price (which is determined by the Government) in the treasury and produce the chalan before the agent to obtain delivery of the drug from the warehouse. Some of the warehouses are Government properties and some belong exclusively to the society. Accounts are settled every month by treasury remittance transfer receipts or demand drafts for which the society has been granted special facilities.

Besides its Bengal custom the society has a large clientele outside the Province. It has customers in Assam, Sambalpur (Orissa), the United Provinces of Agra and Oudh, Native States of Orissa, Jodhpur State (Rajputana), Cooch Behar and in Burma.

It has been mentioned above that the rate at which ganja is sold to retail vendors in Bengal is determined by the Government. This rate fluctuates from year to year. The selling rate in provinces other than Bengal is also fixed by the Government. A statistical survey is now being conducted by the Government to determine the normal cost of production of the drug and the wholesale selling price may be raised if the costs so warrant.

The society is managed by a committee of management which consists of 26 members, 21 of them are elected, 3 nominated by the Registrar of Co-operative Societies, and two ex-officio members. It has two executive officers, viz., the Deputy Chairman and the Manager, the former is appointed by the Government and the latter by the Registrar of Co-operative Societies, Bengal. The remaining staff is appointed by the committee. A large portion of the profits of the society is utilised in constructing and maintaining works of public utility. The society has established 3 charitable dispensaries and one veterinary dispensary, one English High School, 3 English Middle Schools, 48 primary schools and maktabs and one High Madrasah. These institutions are maintained principally at the society's expense. About one and a half lakhs of rupees have been so far spent for education, one lakh twenty-five thousand for medical relief and thirty thousand rupees for the treatment of cattle.

The society spends two thousand rupees annually for the construction and repair of roads and bunds (embankments) in the Ganja Mahal, an area of about 50 square miles. Besides this it paid Rs. 21,300 to the Rajshahi District Board for the construction of a metalled road. The beautiful Lytton Bridge over the river "Jamuna" running to the west of the town of Naogaon was constructed by the District Board by borrowing a sum of rupees one lakh and fifty thousand from this society at a nominal rate of interest. The Hindu cultivators have constructed a beautiful stone temple and the Mohammadan cultivators a grand mosque at Naogaon which have been thrown open to the public.

Eighteen buildings have been constructed by the society for the accommodation of its own office and staff at a cost of Rs. 1,28,781. For the accommodation of the excise preventive staff posted at Naogaon it has constructed 11 buildings at a cost of Rs. 86,145. For the co-operative departmental officers seven houses have been built at a cost of Rs. 41,568. It has spent Rs. 51,411 for the construction of 3 dispensary buildings, medical officers' and compounders' quarters in the Ganja Mahal. A sum of Rs. 14,650 was spent for the society's own warehouses at Calcutta, Dacca, Krishnagar and Chuadanga. The total investments of the society in buildings amount to Rs. 3,34,556.

All these buildings have gone a great way in beautifying the town of Naogaon which now ranks as one of the most healthy and beautiful sub-divisional towns in the Province of Bengal.

CO-OPERATIVE WEAVING INDUSTRY IN BENGAL

Prior to the scheme sponsored by the Government of India for the improvement of the handloom industry, the co-operative department of this Province had brought into being several co-operative industrial unions at some of the important weaving centres where the credit movement had found a footing with the identical object, but without the initial backing by the State in the shape of outright grants so essentially necessary for their successful operation by providing the requisite expert technical advice, improved appliances, measures for standardisation of their products and marketing facilities.

Warned by their past experience, the department first took up an elaborate programme of training in order to prepare the field for future production according to proper marketable standard by stimulating the productive activities of the demoralised weavers.

The annual grant from the Government of India was allotted to the Unions from 1935-36 according to the capacity of each union and society to utilise them to the fullest extent and to earn a profit.

A good deal of preliminary work had to be undertaken to re-organise the weaving industry on a productive footing and a good portion of the grant to be spent on propaganda, demonstration and training. An analysis of the Government grant of Rs. 2,92,677 spent upto the

year 1939-40 would reveal that 15·7 per cent of the total grant had been utilised in providing the unions with working capital, 18·3 per cent for machineries and equipments, 10·4 per cent for propaganda and marketing, 25·6 per cent as grant to Bengal Home Industries Association, and the rest for the maintenance of a technical staff and meeting the cost of establishment, which worked out at 30 per cent of the total grant.

The total number of weavers in the primary societies on 30th June 1940 was about 6,000, out of which 3,500 members have gradually availed themselves of the facilities offered by the scheme. The total value of raw materials supplied to the weavers through co-operative societies and unions and utilised in 1939-40 was Rs. 73,807 and the value of the finished goods sold in the year Rs. 1,40,249.

The raw materials are supplied to the unions by the Provincial Society according to demand which varies with season. The finished products of superior standard are generally disposed off through the Provincial Society at the Calcutta market and the coarser textiles are consumed locally. It may be noted here that the improved variety of textiles are produced according to the specifications of the Provincial Society under the direct supervision of the hand loom staff attached to every union and provided out of the Government of India grant. The extent of raw materials supplied and goods sold by the Provincial Society in 1939-40 was Rs. 8,142 and Rs. 55,238 respectively.

If the Provincial Society and the unions were enabled to obtain their supply of yarn direct from the mills by eliminating the chain of middlemen already in possession of the market, the handloom industry will develop by leaps and bounds. The project requires a very large capital and needs careful attention to the other aspects of the main question of revival of the handloom industry.

These Unions were at the time generally working at a loss and a substantial portion of their capital was frozen. This position was mainly due to an extremely unsatisfactory productive capacity of the weavers and want of an expert staff on the spot to assist in and supervise production on business methods. The following table shows separately the amount of share capital, borrowed capital and its sources, Government grants or advances on account of working capital received by the unions and societies.

Name of Union	Paid up share capital.	Loans and deposits held at the end of 1938-39.		Working capital from Govt. of India grant.
		Provincial Govern- ment.	Others (including Co-opera- tive Banks).	
	Rs.	Rs.	Rs.	Rs.
1. Prov. Society ..	5,050	28,750	...	20,000
2. Alamdanga (recognised) ..	56	...	...	4,000+2,000
3. Bangura ..	10,383	...	40,196	4,000
4. Dacca ..	1,11,156	...	4,38,878	6,000
5. Chittagong (recognised) ..	130	...	...	3,000
6. Chowmohani ..	8,316	...	52,106	1,000
7. Naogaon ..	5,850	...	2,65,553	2,000
8. Nalta (Est. in 1938) ..	520	...	5,000	2,500
9. Dum Dum (Est. in 1938) ..	86	...	2,044	3,386
10. Bagerhat ..	92,521	...	97,197	...

CO-OPERATION IN THE GOSABA ESTATE

The late Sir Daniel Hamilton who was one of those benefactors of this country to sponsor the Co-operative Societies Act in 1904 organised a co-operative credit society in 1916 in his estate at Gosaba for the moral and economic uplift of his tenants. The initial capital was provided by him. The Society has been steadily progressing and has become the nucleus of a group of rural credit societies, which are now 39 in number. These societies generally grant short term loan for cultivation purposes. About one thousand people have become members of the agricultural credit societies out of a total number of 2,000 families settled on the property. All the societies were financed by the late Daniel Hamilton prior to the formation of a central co-operative bank. The total working capital of the 22 societies as on 30th June 1940 amounts to Rs. 29,497 and their reserve funds amount to Rs. 21,480. The co-operative credit societies have ousted mahajans from the estate and any tenant requiring financial accommodation, may become the member of a co-operative society.

Recovery is effected at the time of harvest in kind instead of in cash. This system of recovery has been planned to suit the economic

condition of members. The co-operative central bank which is a federation of co-operative societies, was organised in 1924 for financing all the societies in the area. The Bank is now in a flourishing condition. Its working capital amounts to Rs. 10,78,441 and its reserve and other funds amount to Rs. 9,646. The share capital of the Bank is Rs. 47,751. The central bank distributed dividends at the rate of 9% per cent. The present lending rate to societies is $7\frac{1}{2}$ per cent. The societies advance loans to members at 9% per cent.

The Jaimini Rice Mill, named after the late J. M. Mitra who was a Registrar of Co-operative Societies, Bengal, was started in 1927. The Mill purchases the produce of the tenants, (paddy) at market rate which is ascertained by enquiries from the neighbouring markets and from Calcutta. The tenants sell their produce to the mill and the mill in its turn after husking the paddy, sells the rice at Calcutta through the Central Co-operative Paddy Sale Society. The working capital of the mill now amounts to Rs. 1,33,156 and its reserve and other funds are Rs. 13,393. The share capital is Rs. 14,595 which has been subscribed by the tenants of the Estate. The number of members is now 453. It declared dividends from time to time since its inception varying from five to twelve per cent and allowed rebates on customs varying from annas five to Rs. 2-8-0 per *kahan* of paddy (1 *Kahan* = 13 maunds) to members.

The co-operative credit societies in the Estate finance the members for producing crops. The crops produced by the sellers, is purchased by the mill. The mill pays the sellers, value at market rate through the central bank. The central bank deducts from the price obtained by an individual member his dues to the society as also the rent of the Estate, the balance being made over to the member concerned. The paddy purchased by the mill is sold at Calcutta through the Central Co-operative Paddy Sale Society. After the sale of the paddy or rice locally or at Calcutta the mill sells some paddy and rice locally according to demand, the accounts between the Bank and the mill are adjusted. Most of the societies compare favourably with the best societies in the province. Another satisfactory feature in the Estate is that there has not been a single criminal or civil case between the tenants of the Estate.

Besides the co-operative institutions mentioned above there is also a co-operative store in the Estate. The store supplies all sorts of goods to the tenants at reasonable rates. The number of membership of the store is 216, the share capital amounts to Rs. 1,250 and reserve fund is Rs. 3,305. It has declared dividends from time to time varying from $6\frac{1}{4}$ per cent to $12\frac{1}{2}$ per cent and rebates on purchases varying from 3 pies to one anna per rupee.

It will thus be seen that there is a special and very efficient arrangement for the movement of crops and the circulation of money earned by the tenants of the Estate through the co-operative organisation. In fact the central bank holds the unique position of controlling and regulating local currency on a small scale.

THE BENGAL CO-OPERATIVE ALLIANCE

The Bengal Co-operative Alliance was originally founded in 1918 with the name, the Bengal Co-operative Organisation Society, as a result of the deliberations of the Ninth Bengal Provincial Co-operative Conference. The late Sir Daniel Hamilton was elected its first President and Mr. J. T. Donavon, I.C.S., the then Registrar of Co-operative Societies, vice-president and the late Prof. Panchanandas Mukherjee of Calcutta Presidency College, Honorary Secretary. The Society was reconstituted in 1925 with the late Mr. J. M. Mitra, the then Registrar of Co-operative Societies of Bengal, as its ex-officio President and Mr. S. K. Lahiri, Honorary Secretary.

The Society took over charge of two journals, namely, the "Bengal Co-operative Journal" and "Bhandar." In a letter addressed to the Society, Lord Ronaldshay, the then Governor of Bengal observed "the Bengal Co-operative Organisation Society is a live organisation which is going to make its activities felt far and wide."

The General Meeting held in 1925 laid down the objects of the Society as follows :—

"The reconstructed Society aims to be a real federation of the co-operative societies in Bengal and to secure the active co-operation of men of light and leading; the by-laws provide for the inclusion of individuals as members. The maximum number of such members will not, however, at any time exceed one hundred. The Registrar and the Assistant Registrars will be ex-officio members of the Society. The Registrar will be President of the Society for the first four years, after which period the President will be elected at the annual general meeting."

In the year 1940 the by-laws of the Society were amended and the Society was renamed the Bengal Co-operative Alliance.

The objects of the Alliance are as follows :—

- (i) to serve as the federation of registered societies affiliated to it in the territorial jurisdiction of the Province of Bengal,
- (ii) to promote the co-operative movement and serve as a centre of co-operative activities in the Province,
- (iii) to serve as an exponent of non-official co-operative opinion,
- (iv) to co-ordinate the activities of registered societies.

The present activities of the Alliance are confined to

1. acting as an information bureau on matters relating to the co-operative movement,
2. maintaining a library and a free reading room,
3. carrying on publicity and propaganda,
4. publishing two journals—one in English—"The Bengal Co-operative Journal," issued quarterly and the other 'Bhandar', a Bengali monthly,

5. publishing and selling books, leaflets, posters and registers and forms of co-operative societies,
6. organising public lectures and conferences and participating in exhibitions organised by Government, registered societies, local bodies or other institutions,
7. maintaining a printing press and
8. serving as an exponent of non-official opinion.

One of the main functions of the society was co-operative training and education and it has been taken over by the Co-operative Department since 1938.

There are two classes of members—individuals and registered societies.

The nominal capital of the Alliance is rupees two and a half lakhs divided into 50,000 shares of the value of Rs. 5 each of which 40,000 shares are reserved for societies. The individual share holders have to pay an annual subscription of Rs. 6 and the society share holders at the following rates: rural societies Rs. 1-8-0, central and other societies from Rs. 5 to Rs. 25 according to their working capital, provincial societies from Rs. 10 to Rs. 50 annually.

The sources of income are subscriptions from affiliated societies, Government grant which varies every year and income of the press.

The business of the Alliance is carried on and managed by an Executive Council consisting of not more than 30 members of which 4 are nominated by the Registrar.

The Bengal Co-operative Alliance is affiliated to the All India Co-operative Institutes' Association, the International Co-operative Alliance and the Horace Plunkett Foundation.

SUPERVISION, EDUCATION AND AUDIT

SUPERVISION

The superior staff of the co-operative department consists of a Registrar and a Deputy Registrar. Below them there are 16 assistant registrars. During the year ending 30th June, 1939 the charges of five divisional assistant registrars were split up into 16 small charges each comprising of one or more districts on the basis of the number of societies. Besides these there was a special assistant registrar of co-operative societies (industrial) maintained out of the Government of India grant for the development of handloom industry. The total number of territorial inspectors was 118 as against 84 of the last year. The sanctioned strength of the service was 129 including one temporary Inspector employed in the audit of Provincial Bank and 10 inspectors sanctioned for the supervision of co-operative rural reconstruction societies. The

number of supervisors employed under central societies was 685 as against 637 of the previous year. The cost of 10 supervisors maintained for irrigation societies was paid by Government.

The duties of a supervisor in Bengal may be summarised as follows: (1) to prepare property and debt register for members of primary societies, (2) to assess normal credit and report on loan applications, (3) to make preliminary examination of accounts of primary societies and to verify cash balances, (4) to educate people in the principles of co-operation, (5) to rectify irrigation, (6) in recent years supervisors have also been called upon to help in the collection of debts.

The staff employed by most central banks is hopelessly inadequate to deal even with a fraction of these duties. In the year ending with 30th June 1939, the number of agricultural societies including land mortgage banks was 27,581 and that of non-agricultural societies 2,988 with a total membership of 9,32,310 persons. The total number of supervisors employed by the central banks was 685. So the average number of members of societies entrusted to each supervisor was approximately 1,361.

The duties of inspectors in Bengal may be summarised as propaganda, supervision and super-audit.

Besides these main duties they are to assist in the reconstruction of bad societies and in the disposal of disputes referred to them by the Registrar. Inquiries under Section 35 of the Co-operative Societies Act into the constitution, working and financial condition of credit societies are also conducted by Inspectors. Inspectors have also been called upon to carry out the statutory audit of co-operative societies and they are further required to assist central banks in collecting overdues. It will thus appear that inspectors are expected to or required to do a class of work that really belongs to the auditors and supervisors.

EDUCATION

The Government of Bengal was enabled to launch a scheme of training in co-operation through the good offices of the Government of India, who allocated to this province a sum of Rs. 3,15,750 for training the staff of the department and co-operative societies and office-bearers of the societies.

The scheme of training approved by the Government of India was adopted in Bengal with slight modifications and came into operation with effect from the 1st April 1937. The scheme provided, in the first instance, for the training of the following classes of employees for periods noted against each class:

(1) Divisional Auditors and Inspectors	.. 4 months
(2) Auditors	.. 3 "
(3) Supervisors of Central Banks	.. 2 "
(4) Managers, secretaries, assistant secretaries, and other paid employees of central banks and urban banks	.. 2 "

The Training Institute is situated at Dum Dum close to the city and connected with it by railway and bus services. The location of the institute thus combines the advantages of rural atmosphere and of proximity to an intellectual and business centre.

For the training of each class of employees indicated above syllabuses have been prepared and approved by the Government.

Expansion lectures by experts, study of actual rural reconstruction work on co-operative lines and first hand study of rural problems form a part of the course. The Institute has been able to provide for a fairly good stock of books for the use of the employees under training through the courtesy of the Bengal Co-operative Alliance. Finally, there are arrangements for outdoor games.

Regular classes are held for 5 days in the week, one day being set apart for written exercise and debates on co-operation and rural welfare. At the end of the course of training an examination is held on the subjects taught. There is provision for an additional paper on the general knowledge of the examinees regarding those aspects of rural problems on which extension lectures are delivered by experts. Successful candidates are arranged in order of merit and those who secure 75 per cent of the marks are declared to have passed with distinction.

The Institute has also undertaken at the request of heads of other departments to train up officers of their departments. Up to December 1940 twenty assistant publicity officers of the Public Information Department have received training in two batches.

The two houses at Dum Dum where the Institute is situated have been rented at Rs. 370. The total cost incurred on account of the Institute till March 1940 for training 831 officers amounts to Rs. 1,22,316. The estimated cost for 1940-41, and 1941-42 is Rs. 64,406. Thus the total cost up to the end of the financial year 1941-42 will be Rs. 1,86,723.

The Co-operative Department has submitted to Government a scheme of training for the office-bearers and members of co-operative societies within the year 1941-42. For this purpose 20 sets of instructors, each set composed of two (one trained auditor and one trained supervisor) are proposed to be employed. Each of them will move from centre to centre to impart instructions to the secretaries of the village societies. The training of secretaries is proposed to be completed by December 1941. The instructors will also educate the ordinary members of societies by addressing them at special classes. The cost of training the office-bearers and members of co-operative societies will be met out of the balance of Rs. 1,29,027 out of the Government of India grant of Rs. 3,15,750.

It is being felt in co-operative circles that in some shape or other the training arrangements should be given a permanent basis. Training on proper lines will not only add to the efficiency of the Department but will also ensure the steady progress of co-operation in the province. A permanent institute might also undertake to arrange for refresher

courses for all concerned in order that the knowledge of trained men may be brought up to date.

AUDIT

The Registrar performs the statutory duty of audit through the Co-operative Department. In 1938 the Government appointed the chief auditor from outside the Department. This appointment from outside constituted a departure from the traditional system of recruitment from within the service. The purpose of this new policy was "to improve the technique of co-operative audit with the help of the expert advice and under the direction of a competent chartered accountant" (Annual Report on Co-operation 1939).

Besides the chief auditor provision has been made for 16 divisional auditors instead of 5 as heretofore. This was necessitated by the creation of 16 co-operative divisions in Bengal instead of 5. As all the vacancies had not been filled up, the number of divisional auditors working during the year ending 30th June, 1939 was only 8. The strength of the auditors was 273 as against 241 of the previous year. The auditing staff had to go through a year of strain for two reasons. First instead of 16 divisional auditors constituting the full quota for the 16 divisions there were only 8. Secondly, in view of the deputation of a large number of auditors in each batch to the Dum Dum Training Institute for training, the services of the full strength of the staff were not available at any time during the year. This naturally hampered the programme of work and put a heavy strain on the limited number of available auditors.

Government expenditure on this head is met by an audit fee payable by all co-operative societies. The Registrar is empowered to exempt societies under certain circumstances from the payment of audit fees. Thus anti-malarial societies and societies less than eighteen months old are exempted from the payment of such fees. The expenses of auditing of such societies are paid out of the revenues of the Co-operative Department. Certain urban societies and central banks are permitted by the Registrar to get their accounts audited by qualified, non-official auditors, who are selected from a list approved by the Registrar of Co-operative Societies.

Co-operative Societies are charged audit fees on the following scale: (1) ten annas per Rs. 100 of working capital subject to the maximum of Rs. 140 in case of a society other than a central society; (2) five annas per Rs. 100 of working capital subject to a maximum of Rs. 350 in case of a central society.

The total audit cess recovered from societies for the year ending 30th June 1939 was Rs. 2,40,459 as against Rs. 3,53,690 of the previous year. The actual expenditure on audit staff was Rs. 4,84,123 of which Rs. 4,59,656 was debited to audit cess in the proforma account. There was an abnormal fall in the collection of audit cess mainly due to the depleted repaying capacity of the members of the agricultural societies. The short collection necessitated a withdrawal from surplus audit cess—

fund to meet the deficit in the cost of auditors. The department has since taken steps to increase audit fees in central banks, urban and special types of societies dealing with large capital and turnover and thereby to give relief to the agricultural credit societies.

Under the rules central banks advance the audit fees payable by primary societies and then realise from the latter the amount advanced. The following problems are to be noted in this connection.

(a) Central Banks which have felt the strain of economic depression find it difficult in recent years in making advance payment on behalf of their affiliated societies. They also experience difficulty in realising their dues from the primary societies.

(b) Some central banks and societies have more than once deliberately refused to pay audit fees on the ground that Government have failed to maintain an efficient audit service.

(c) It has also been complained that the amount realised by way of audit fees has usually been spent by the Government for the maintenance of the audit service.

(d) Co-operative institutions have also felt that it is not fair to divert money realised for audit to other channels of expenditure as it is done usually.

(e) Under the present system of assessment, audit fees are charged on all assets realisable or dead. As a result of injudicious investments and the economic depression not a negligible part of the assets of many institutions appearing in the profit and loss account is practically non-existent. But audit fees are chargeable on them.

(f) Finally it is held in certain quarters that since audit is a statutory duty imposed on the Government the latter should undertake to bear all the cost of auditing.

Two other problems have to be touched in connection with audit. First, there is hardly any separation of functions so far as the duty of the auditors is concerned. The audit staff has to perform various administrative duties over and above their usual work of audit. Such a non-separation of functions, it has been argued, saps their efficiency and even adversely affects the requisite degree of independence of their normal duties. The Floud Commission on Land Revenue in Bengal, in the course of their weighty observations on the working of co-operative institutions in the province, emphasised the need of separating audit from supervision and control. The Madras Committee on Co-operation definitely recommended "that the entire audit staff of the department should be constituted into a distinct branch; that there should be a differentiation right through between the administration branch and the audit branch of the department except in the person of the Registrar who will be the head of both the branches." The Bengal Co-operative Societies Act, 1940 contemplates action on these lines. Section 80 of the Act proposes the constitution of an authority to supervise working of co-operative societies.

In Bengal independent students of co-operation would like to go further than the Madras Report by removing altogether co-operative audit from the control of the Registrar. Mr. Nalini Ranjan Sarkar has suggested the creation of a separate Government department for the audit of co-operative societies and land mortgage banks. Dr. J. P. Niyogi, University Professor of Economics argues as follows: "It is also difficult to reconcile oneself to the position under which the audit staff remains under the control of a department the accounts of which the auditors are called upon to scrutinise. Such a propriety requires that the staff should be removed from the control of the co-operative department. Audit of co-operative societies should be placed on the same footing as that of local bodies such as Municipalities and District Boards" ("The Co-operative Movement in Bengal"—1940).

Another problem that is mooted in this province is democratic control of audit through the agency of district audit unions composed of representatives of central banks and primary societies. This was the recommendation of the Indian Central Banking Enquiry Committee. But weight of opinion seems to be in favour of the Hon'ble Mr. V. Ramadas Pantulu's conclusion that democratic control of audit is bound to fail in India however successful it may have been in Europe and elsewhere, (*Co-operation in India*, p. 24).

"Today we need a great many more persons who will become as deeply motivated by the idea of a co-operative economic society as the young men of 1776 and 1787 were motivated by the idea of a democratic political society. The one is the living stream of thought for the twentieth century as the other was for the eighteenth.... The need is for a body of people in accord on general aims, as idealistic and as realistic as were the young Federalists of 1787, to channelize thought and initiate and consider proposals which may lead to a co-operative society."

—HENRY A. WALLACE.

BIHAR

Provincial Editor

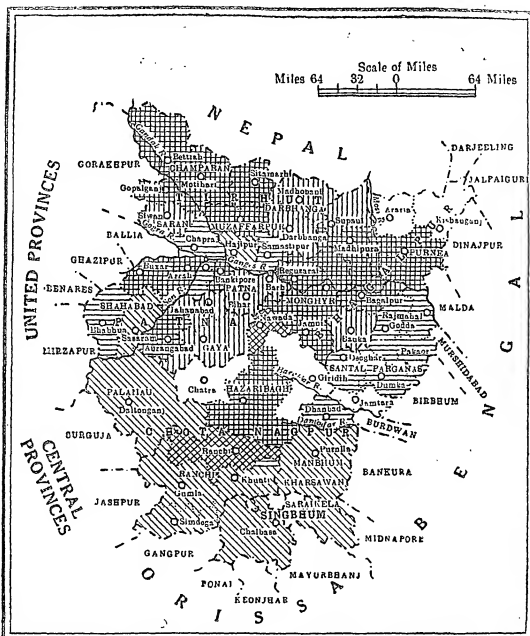
RAI BAHADUR SHYAMNANDAN SAHAYA, M.L.C.,

*Hony. Managing Director,
The Bihar Provincial Co-operative Bank.*





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PROVINCE OF BIHAR



Sub-divisions with Co-operative Societies from 1 to 19 shown thus: —

"	"	"	20 to 49	"	
"	"	"	50 to 99	"	
"	"	"	100 to 200	"	
"	"	"	over 200	"	

BIHAR

General Features.—Bihar which includes Chota Nagpur is bounded on the north by Nepal, on the west by the United Provinces, Central India and Central Provinces and Berar, on the south by Orissa and on the east by Bengal. Until 1912 Bihar had been a part of Bengal, but became a separate province under a Lieutenant-Governor after the annulment of the partition of Bengal in 1912. In 1921, it assumed the status of a Governor's province under the Reforms Act of 1919, and under the Scheme of the Government of India Act of 1935 it became an autonomous province with a bicameral legislature and the Governor* is assisted by a council of ministers. In the year 1936, Orissa which originally formed part of the province of Bihar and Orissa, was separated and was constituted into a separate province. The province has in its boundaries 26 feudatory states. The states in Chota Nagpur, however, were transferred in the year 1933 to the control of the Resident, Eastern States and no longer form part of the province. The states have political relations with the Government of India through the Agent to the Governor-General.

Bihar has an area of 69,950 sq. miles and a population of 3,63,40,000 (1941). The British territory occupies a total area of 69,348 sq. miles or 99·14 per cent of the total area of the province and has a population of 3,23,71,434 or 99·43 per cent of the total population of the province while the feudatory states occupy an area of 602 sq. miles or 0·86 per cent of the total area of the province and have a population of 1,86,622 or 0·57 per cent of the total population of the province. The density of population for the whole of the province is 465 per square mile. There are 467 persons per sq. mile in the British territory and 310 persons per square mile in the States. Of the total population of the province nearly 90 per cent are Hindus. The major portion of the population is still rural and illiterate. The peasantry, though industrious, is hopelessly poor and very heavily indebted. Over 80 per cent of the population depends wholly on agriculture while only 7·8 per cent depends on industries.

Bhagalpur and Tirhut Divisions form the eastern portion and Patna Division the western portion of the Gangetic Valley. Tirhut is bounded on the north by the lower spurs of the Himalayas. These three Divisions are a purely agricultural tract and, thanks to the good offices of the Ganges and its tributaries, are exceptionally fertile. This part of the province is more densely populated than the Chota Nagpur Division. The Chota Nagpur Division provides a contrast to the other Divisions. It forms the

* Governor: His Excellency Sir Thomas Alexander Stewart, K.C.S.I., K.C.I.E., I.C.S.

northern portion of the table land of Central India and its undulating surface varies from about 500 to 3,000 feet above sea level. This tract is quite rich in mineral and forest products and agriculture is confined to the valleys where laborious terracing is frequently necessary. It is sparsely populated and is the home of many non-Aryan tribes. The climate is dry and the province experiences extremes of temperature. The normal annual rainfall is 48·4 inches for Bihar and 52·6" for Chota Nagpur. Rice is the principal crop of Bihar and maize, sugarcane, tea, indigo, oil seeds and tobacco are the other important crops. Most of India's coal and mica mines are to be found in Bihar, and Chota Nagpur virtually holds the monopoly of the world's mica. Iron is another important item of mineral wealth of the province. The Tata Iron and Steel Works at Jamshedpore is one of the largest steel factories in the world. The next important industry of Bihar is sugar. At present there are about 32 factories in the province which produce some 26 per cent of the total production of white sugar in the country.

In the year 1937-38 there were 28,000 miles of roads in the province including 3,386 miles of metalled roads. It has a considerable mileage of railway lines.

Patna is the capital of the province, the summer capital being Ranchi. The other principal towns of the province are Gaya and Jamshedpur. There is one University in the province and that is at Patna.

According to budget estimates of 1941-42 the net revenue is Rs. 6,11,08,000 and expenditure Rs. 5,79,82,000.

The Province is divided into four main areas, each administered by a Commissioner. These areas are further divided into districts. There are sixteen such districts in Bihar. Ten of these districts are each administered by a Magistrate and Collector. The remaining six districts covering the whole of the Chota Nagpur Plateau and Santal Parganas are each administered by a Deputy Commissioner.

A Retrospect.—Credit Agencies before the Co-operative Movement.—Before the starting of the co-operative movement there were several agencies for supplying credit to rural population, namely, (1) Kists Parti, (2) Atit, (3) Moghal, (4) Village money-lenders, (5) Landlords, and (6) fellow agriculturists. The rate of interest varied from 37 per cent to 150 per cent. The highest rate of interest charged at that time was by the Atit and Moghals, as they preferably advanced money in the months of *Jaith* and *Asarh*, or *Asin* and *Kartik* repayable in *Aghan* and *Pus* or *Baisakh* and *Jaith* respectively at six annas to eight annas per rupee per month and on failure to pay in time the interest was compounded and carried at the same rate.

The Kist Parti was advanced on *Sawai* system, i.e., for a loan of Rs. 10, Rs. 9 only was advanced and Rs. 12-8 was realised. This was called *Kacha Khata*. Similarly for loans for Rupees one hundred

Rs. 95 only was advanced repayable at Rs. 5 per month in 25 instalments. This was called *Pacca Khata*. But on default of instalments these also carried interest at 6 pies per rupee per month.

The money lenders and fellow agriculturists charged interest at 6 to 9 pies per rupee per month.

The landlords also advanced money at a varying rate of interest. In some cases they charged *Sawai* and in some cases 6 to 9 pies per rupee per month.

Origin of the Co-operative Movement.—In the last quarter of the nineteenth century the appalling indebtedness of the agricultural population of India led to agrarian troubles which later became very much intensified by repeated and widespread famines in large tracts of the country. While the politicians were busy attributing it to foreign domination, the economists concerned themselves in suggesting what would lead to an improvement in the condition of the people.

At about this time the history of co-operative institutions in Europe and of Agricultural Banks in Egypt had made a deep impression on many. In the conditions then prevailing, it was thought that the provision of cheap credit for the Indian agriculturists was the one solution of the problem. As a result of this was enacted the Co-operative Credit Societies Act, X of 1904. As a result of the recommendations of the Registrars at a conference held in 1909, proposals for amendment of the Act were drawn up, which led to the passing of the Co-operative Societies Act II of 1912 which received the assent of the Governor-General on the 1st March 1912. In so far as this province is concerned this Indian Act was superseded by the Bihar and Orissa Co-operative Societies Act VI of 1935, in which a new chapter on supersession and surcharge was added.

CO-OPERATIVE FINANCE

A. RURAL CREDIT SOCIETIES

The first Co-operative Society in Bihar and Orissa was started in Purnea in 1905 followed by 14 others registered in the same year. In 1906, 75 more societies were registered and 91 in 1907. The first central bank to be registered was the Rohika Central Union in December 1909 followed by the Nawadah Bank and the Bihar Bank. In 1907 when Bihar formed a part of Bengal and when there was neither an apex bank nor central banks, Sir Daniel Hamilton had placed large sums of money at the disposal of the Registrar for the promotion of the movement and it was with his money known as Hamilton Fund that some of the earliest societies in Bihar were financed.

When, after the announcement of His Imperial Majesty at the Delhi Darbar on 12th December, 1911, Bihar with Orissa was formed

into a separate province on 1st April, 1912, there were 554 agricultural and 16 non-agricultural societies, besides eight central banks in existence. Below is given a statement showing the growth of rural credit societies in Bihar and Orissa.

Year.	No. of societies.	No. of members.	Working Capital	Reserve.	Profit for the year.
			Rs.	Rs.	Rs.
1912-13	546	28,005	8,48,250	69,837	34,452
1913-14	768	37,270	13,44,755	88,191	71,904
1914-15	1,019	45,304	17,34,954	1,40,732	92,583
1915-16	1,221	51,459	20,37,795	2,09,190	1,23,825
1916-17	1,337	56,200	21,61,057	2,86,536	1,19,502
1917-18	1,616	60,778	29,81,629	3,78,844	1,20,127
1918-19	2,044	65,818	34,27,905	4,43,716	2,41,605
1919-20	2,774	79,732	38,09,758	5,42,512	2,28,440
1920-21	3,247	95,112	48,32,591	6,77,286	2,65,861
1921-22	3,861	1,12,421	64,04,598	8,44,356	2,49,087
1922-23	4,661	1,34,821	85,59,059	9,94,739	2,58,750
1923	5,108	1,45,102	1,15,85,696	12,36,074	2,12,835
1924	5,862	1,59,798	1,38,82,716	14,18,780	3,04,676
1925	6,608	1,77,136	1,62,64,536	16,99,816	3,32,430
1926	7,614	2,05,825	1,99,88,238	19,89,390	3,77,152
1927	7,934	2,20,889	2,05,55,768	22,73,848	3,92,360
1928	8,532	2,32,413	2,37,54,167	26,96,458	4,39,198
1929	8,715	2,36,393	2,42,94,154	30,51,784	4,28,050
1930	8,817	2,27,554	2,41,47,660	32,24,651	4,64,775
1931	8,799	2,34,428	2,35,91,344	34,08,670	4,33,671
1932	8,599	2,31,232	2,23,04,959	35,41,609	4,94,588
1933	8,479	2,28,238	2,12,89,925	35,06,825	4,33,977
1934	8,466	2,30,734	2,09,30,617	36,91,848	4,76,092
1935	8,502	2,29,044	203,68,858	36,79,076	3,80,262
<i>After separation of Orissa</i>					
1936	6,687	1,64,176	1,52,44,284	28,14,429	3,30,824
1937	6,790	1,61,287	1,47,85,138	26,88,533	2,47,486
1938	7,030	1,69,078	1,47,12,141	27,86,483	1,65,236
1939	7,486	1,79,838	1,42,55,509	27,26,548	1,17,919
1940	8,016	1,94,000	1,38,83,145	27,35,705	1,04,430

During the time Mr. Collins was the Registrar, a general expansion was visible. Khan Bahadur Mohiuddin Ahmad, who succeeded him forged ahead and handed over to his successor, Rai Bahadur Durga Prasad on 20th July 1926, a legacy of which he could well be proud. Rai Bahadur Durga Prasad followed a general policy of consolidation and devoted himself more to special types of societies. During the time of Mr. Ansorge from 22nd March 1930 to March 1934 a general set back was evident and when Mr. Y. A. Godbole succeeded him he had a tremendous task in restoring the confidence of the public towards the movement in general. Mr. Godbole felt the necessity of a closer supervision and a more direct contact with the primary societies. With that object he instituted a class of officers known as Inspectors, who took their place next to the Assistant Registrars. On 15th April, 1937, Mr. N. Baksi became Registrar of Co-operative Societies. He devoted himself entirely to the rehabilitation of the movement and worked very hard with a zeal and earnestness that could be the envy of much younger people. In December 1940, Mr. M. M. Philip took over as Registrar.

The Lyall Committee on Co-operation in 1923 gave a great impetus to the expansion of the movement and laid down a principle whereunder the movement would have covered every village in the province in the course of two or three decades. The subsequent fall in prices leading to non-realisation of instalments in some cases led the Government to appoint the Hubback Committee in 1931 to review the condition of societies and to make recommendations.

The enacting of the Bihar Co-operative Societies Act was one of its results. During the time of Mr. Baksi an intensive enquiry for the purpose of rehabilitating the movement was undertaken. The scheme was considered by the Congress Government which pledged itself to rehabilitate the movement and subsequently it was considered by a committee of experts. It has now been decided by the Government to make grants and to advance adequate money to help to set the societies and banks on sound lines.

Credit Societies of Depressed Classes.—There are 24 societies of depressed classes with a membership of 690, and a working capital of Rs. 40,000. Their paid up share capital in 1939 stood at Rs. 3,000. Their reserve and other funds amounted to Rs. 13,000. Members' and non-members' deposits at the close of the year amounted to Rs. 5,000 and borrowings by the societies from the central banks amounted to Rs. 19,000. The societies advanced Rs. 6,000 to members and the members repaid Rs. 6,000 during the period. The total loans against the members stood at Rs. 25,000. The societies paid interest on borrowings between 7½ and 11 per cent and the rates charged on lendings varied between 9½ per cent and 14½ per cent.

There are 7,486 Agricultural Societies with a membership of 1,79,838. Their total working capital is Rs. 1,42,56,000, the share capi-

terms as joint stock banks is too well known to need repetition. Central Banks deal primarily with agriculturists, who require money for a year or more and can only pay at harvest time. Consequently they never take money on current account or for short terms in Bihar, and it is considered safer for them to engage to repay their deposits only at such a time or times as they are certain of being able to call in their advances. To meet these circumstances, special deposit rules have been devised so as to make the position of central banks secure in all ordinary circumstances. These institutions are allowed to give out large sums of money for long periods to pay off old debts of members and have therefore to offer slightly higher rates to those who agree to place their money for long periods.

The Central Banks, which have dealings with the Provincial Bank accept deposits or loans only from persons resident within the districts in which they are situated, the object of this restriction being partly to encourage the growth of local deposits and partly to ensure that the central banks do not compete with each other.

As soon as the reserve reaches Rs. 2,000 or more it is provided that it should be invested separately and not used as working capital.

The objects of a Co-operative Central Banking Union or a Co-operative Central Bank are:—

1. to finance co-operative societies within a certain area (usually a sub-division of a district);
2. to supervise and control its affiliated societies;
3. to develop the co-operative movement within the area it serves, and generally to promote its interests in every possible way.

These central banks are always on the basis of limited liability. The individual shareholders in central banks as distinguished from central unions who provide the capital get a preference dividend. The village societies affiliated to the bank are its ordinary shareholders. Either class of shareholders elect half the directors, and the Sub-Divisional Officer, or, in Sadr sub-divisions the Collector is usually an ex-officio director, and often is the chairman. No person can take shares in the bank who is not a resident of the area served by it, the object of this restriction being to ensure that all the shareholders take an active interest in the working of the Bank. The Bank is managed by the directors, who raise capital by means of deposits and loans. As a rule at first 7½ per cent had to be paid for deposits for a year and 8 per cent used to be given on loans for fixed periods; but the Provincial Bank now gives cash credits and grants fixed loans at 5 to 6 per cent and deposit rates have consequently been reduced to 5 per cent and below. The money is lent out to the affiliated societies at 10½ to 12½ per cent, and this large margin enables a Central Bank to maintain a staff for itself, and for the inspection and supervision of societies.

The Central Banks in Bihar are thus to provide not only finance up to the full extent of clearing off outside debts but also the supervision which the societies need. The Nawadah Central Co-operative Bank started in May, 1910, was the first bank of this type. In addition to affiliated societies this Bank had preference shareholders qualified to supply business ability and local influence, as well as finance.

The policy of the movement in the first ten years of its existence after the separation of the province from Bengal was to have as little Government control as possible, and to leave the organisation, finance and supervision of societies to non-official honorary organisers with such help as the district and sub-divisional officers could afford to give. It sought to multiply central banks as fast as possible to finance members fully for all purposes including Shraddha, marriages and debt redemption in order to release the debtor completely from the clutches of the Mahajans. There were some inherent defects in this policy. In many areas, the ground was never thoroughly prepared for organisation of co-operative societies. No suitable provision was made for supervision or training by the department, since at that time official intervention was regarded as undesirable. In the interests of administrative symmetry and expansion it was laid down as an ideal that there was to be a central bank for each sub-division—an ideal which has been practically fulfilled. The following statement shows the growth of Central Co-operative Banks including the Provincial Co-operative Bank.

Growth of Central Banks including the Provincial Bank

Year	No. of Banks	Working Capital	Reserve	Profit for the year
		Rs.	Rs.	Rs.
1912-13	8	4,46,955	14,626	11,459
1913-14	12	8,02,575	24,914	59,984
1914-15	20	17,09,685	38,262	28,648
1915-16	21	20,72,958	48,794	48,646
1916-17	22	22,55,335	65,976	62,263
1917-18	22	27,93,125	86,245	30,757
1918-19	32	33,32,203	1,70,679	63,653
1919-20	39	41,57,865	2,71,732	1,17,521
1920-21	42	65,07,438	2,92,604	97,677
1921-22	46	86,12,259	3,47,312	1,89,130
1922-23	49	1,14,02,718	3,02,151	2,54,116
1923	54	1,48,68,340	5,14,483	1,96,401
1924	58	1,83,82,775	6,92,586	3,00,892
1925	59	2,19,61,792	8,28,807	3,92,139

Growth of Central Banks including the Provincial Bank (contd.)

Year	No. of Banks	Working Capital	Reserve	Profit for the year
		Rs.	Rs.	Rs.
1926	64	2,47,00,026	6,87,939	3,98,171
1927	66	2,64,65,313	12,29,216	4,89,964
1928	68	2,93,80,794	15,33,624	5,30,153
1929	68	3,02,29,324	24,09,001	6,57,391
1930	68	3,09,88,688	16,53,919	6,10,982
1931	68	3,12,13,320	12,63,897	3,65,831
1932	68	3,07,38,483	13,78,636	1,38,041
1933	67	3,19,18,845	14,89,549	1,28,397
1934	67	3,21,40,452	15,22,625	1,66,940
1935	67	3,32,81,340	25,63,894	2,81,187
<i>After separation of Orissa</i>				
1936	54	2,76,78,849	20,53,249	2,21,722
1937	54	2,66,35,311	21,36,164	3,13,326
1938	54	2,60,79,990	21,98,313	4,31,924
1939	54	2,52,02,810	22,46,462	4,12,455
1940	54	2,54,81,033	22,73,942	4,30,944

The number of Central Banks and Unions in Bihar at present is 53. Paid-up share capital on the 31st December, 1939, was Rs. 16·07 lakhs. The Working Capital was Rs. 160·73 lakhs on the 31st December, 1939. The paid-up share capital and reserves represented 9·9 and 8·8 per cent respectively of the working capital. The total statutory Reserve stood at Rs. 7·45 lakhs being only 4·6 per cent of the working capital. The proportion of owned to borrowed capital was 1:4. The total reserves increased by Rs. 44,000 and stood at Rs. 14·30 lakhs. The statutory reserves also increased by Rs. ·07 lakhs from Rs. 7·38 lakhs at the close of the preceding year to Rs. 7·45 lakhs. There was no appreciable change in the other reserves.

The total deposits held by Central Banks and Unions which stood at Rs. 82·22 lakhs in the previous year decreased by Rs. 3·73 lakhs leaving a balance of Rs 78·49 lakhs at the end of the year under review out of which Rs. 4·79 lakhs was held by societies and the balance of Rs. 73·70 lakhs by individuals (Rs. 5·75 lakhs by members and Rs. 67·95 lakhs by non-members). The Ranchi Central Co-operative Bank had the largest amount of deposits from societies, i.e., Rs. 71,888 while the largest amount of deposits from individual members stood at

Rs. 76,013 which was held by the Laheriasarai Central Co-operative Bank. Deposits represented 60·2 per cent of the total borrowed capital which was Rs. 130·36 lakhs at the end of the year. The total amount of savings deposits held by the banks at the close of the year was Rs. 10·36 lakhs against Rs. 12·5 lakhs and Rs. 11·41 lakhs at the close of 1937 and 1938 respectively. The total demand for withdrawal on account of all kinds of deposits held by the Banks and unions amounted to Rs. 55·15 lakhs against Rs. 47·01 lakhs and Rs. 44·65 lakhs at the close of 1937 and 1938 respectively. Against this total demand of Rs. 55·15 lakhs the banks maintained fluid resources to the value of Rs. 4·58 lakhs i.e., 8·3 per cent only.

The total collection on account of principal which amounted to Rs. 4·04 lakhs represented 3·6 per cent of the total demand. The Deoghar Central Bank had the highest percentage of collection, viz., 55·9, the Godda Bank came next with 35·8 per cent, the Dhanbad and the Siwan Banks had 31·7 and 21 per cent respectively. Collection in four banks ranged between 10 and 20 per cent while in 8 banks it varied between 5 and 10. In the remaining 37 banks, it was below 5 per cent.

The total amount of collection of interest was Rs. 4·61 lakhs. The percentage of collection was 7·8. The Dhanbad Central Co-operative Bank maintained its position as the only bank in the province which was able to make cent per cent collection. The Deoghar and the Godda Central Co-operative Unions secured the 2nd and the 3rd positions with collection of 97·8 and 87·7 per cent respectively. The Giridih Bank made a collection of 67·09 per cent. Many of the other central banks have long ceased to function as banking institutions and delay in their rehabilitation is resulting in cumulative deterioration and undue waste of their assets.

The combined percentage of collection of principal and interest in all central banks comes to 5.

The Banks advanced only Rs. 1·84 lakhs to their affiliated societies in 1939.

Agricultural and Land Improvement.—Owing to financial stringency the Central Banks could not do much to improve the material and moral condition of their members. Advances for improvement of lands were small due to inadequacy of funds for long term investment. A sum of only Rs. 1,784 was advanced by central co-operative banks and unions to societies and Rs. 2,905 by the latter to their members in 1939.

Sanitation and Medical Relief.—15 Central Banks and Unions are reported to have taken steps for the improvement of sanitation in their society villages and for medical relief. Only one bank, viz., the Deoghar Central Co-operative Banking Union could distribute medicines worth Rs. 53 free to 3,177 persons. Others interested themselves in construction, repairs and clearing of wells for obtaining drinking water and took some steps for improving village sanitation.

Mass Literacy Movement.—12 Central Banks and Unions interested themselves in promoting the mass literacy movement in their areas. Mass literacy centres and night schools have been started at suitable places. Six of such centres opened by the Siwan Central Co-operative Bank continued till the close of the year. The Bank received Rs. 47, out of the sub-divisional literacy fund out of which Rs. 18-8-0 was spent during the year. The Deoghar Central Co-operative Banking Union, Ltd., spent Rs. 25 out of its own funds for promoting mass literacy movement in its area of operation.

Rural Reconstruction.—The Bihar Village Welfare scheme financed by the Government of India Grant has been amalgamated with the bigger Scheme of Rural Development under the control of the Chief Organiser, Rural Development Department in Bihar. Some of the central banks, however, continued to interest themselves in Rural Reconstruction work as before. Village roads were constructed and repaired, old wells excavated and new ones sunk with the joint effort of the members: A sum of Rs. 200 was given during the year to the Rural Welfare Centre at Bithouli out of the Reserve Development fund of the liquidated societies at the disposal of the Registrar.

General Summary.—There are 53 central banks and unions with a total membership of 1902 individuals and 6,631 societies. The combined working capital of all the Central Banks and Unions is Rs. 1,60,73,000 and the share capital paid up amounts to Rs. 16,07,000; the uncalled capital being Rs. 4,97,000. The total reserve and other funds amount to Rs. 14,30,000. The total deposits held by the Banks and Unions at the close of 1939 was Rs. 78,72,000 of which Rs. 5,01,000 was from societies affiliated to central banks and unions. Besides the Central Banks and Unions owed a sum of Rs. 51,65,000 to the Provincial Bank. A sum of Rs. 2,46,000 was advanced by the Central Banks and Unions to the societies affiliated to them and to individual members and a sum of Rs. 8,07,000 was repaid by the societies and individual members during 1939. At the close of the year 1939 a sum of Rs. 1,14,18,000 was outstanding as loans recoverable from societies and Rs. 1,18,000 as loans recoverable from individuals. The average borrowing rates of the Central Banks and Unions varied between 2 per cent and 6 per cent and the lending rate varied between 9 per cent and 12½ per cent. Practically all the Central Banks work on profit and the combined profit of all the Banks is Rs. 4,10,000. Most of the Central Banks are unable to repay their deposits due to the failure of societies to repay their loans.

The total demand of central banks from affiliated societies was Rs. 1,12,59,000 in principal out of which Rs. 4,06,000 was realised during 1939 leaving an overdue amounting to Rs. 1,08,53,000. The percentage of collection was 3·6. The total demand in interest amounted to Rs. 58,71,000 out of which Rs. 4,61,000 was realised leaving an overdue of Rs. 54,10,000. The percentage of collection was 7·8. The combined cost of management is Rs. 2,75,000.

C. PROVINCIAL CO-OPERATIVE BANK

As the societies required a central agency for supplying their demands so the central banks required an apex agency to supply theirs. The Central Banks which undertook the financing of many societies required a proper arrangement to supply their wants in time of need and to co-ordinate the requirements of several banks. In fact the movement stood in need of a balancing centre. The result was the formation of a Provincial Bank with its registered office at Patna. The Bank was thus registered in 1914 under the Co-operative Societies Act II of 1912. At the time the Provincial Bank came into existence there were already 578 societies and 8 central banks in existence in the Province.

The Provincial Bank is designed to deal exclusively with Central Banks situated in the Province of Bihar and to advance with the previous sanction of the Registrar of Co-operative Societies loans to primary societies in areas where there is no Central Bank. Since the creation of a separate province of Orissa in 1935 this Bank has ceased to finance the Central Banks and Societies of that province. The Bank is housed in its own building situated in a very prominent place on the main road of the town.

The management of the Bank, when at first organised, was vested in a Board of Directors consisting of 18 members of whom 2 represented guarantee shareholders, 5 represented individual shareholders, 9 represented Central Banks and 1 represented Peoples' Co-operative Banks of the Province and the Registrar who was ex-officio Director. Since the abolition of guarantee shares in 1933 representatives of guarantee shareholders have ceased to be elected to the Directorate. The Board consists of 16 Directors elected annually in the General Meeting of the Shareholders besides the Registrar of Co-operative Societies who is an ex-officio Director of the Board from the very inception of the Bank. Some of the powers of the Board are delegated to a Working Committee consisting of 9 directors. Dr. S. Syed Sultan Ahmed, Kt., D.L., Barrister-at-Law, is the Chairman of the Board of Directors for the last 10 years and Rai Bahadur Shyamnandan Sahaya, M.L.C., is the Honorary Managing Director for the last 4 years.

The Bank raises funds by the issue of shares, by accepting deposits from members and non-members, by taking loans from Government if and when necessary and by resorting to temporary overdraft against the pledge of its Government Securities with the Imperial Bank of India, if necessary.

The Bank was originally started as a "Book Bank", receipts and payments of cash being made through the cash credit of Rs. 4 lacs granted to it by the then Bank of Bengal against the pro-notes of its guarantee shareholders of an equal amount. With the increase in its business, the system was found very inconvenient to the constituents

and had to be finally abandoned in the year 1924; and since that date the receipts and payments of cash are made at the office of the Bank.

Up to 1933 the shares of the Bank were divided into 2 classes (1) guarantee shares of Rs. 100 each, and (2) ordinary shares of Rs. 500 each. There were 4,000 guarantee shares which were fully subscribed by:

1. Raja Krityanand Sinha Bahadur of Banaili.
2. Maharajadhiraj Sir Rameshwar Singh, G.C.I.E., K.B.E. of Darbhunga.
3. Maharaja Bahadur Gurumahadevashram Sahi of Hathwa.
4. Raja P. C. Lal Chowdhary of Nazargunj, Purnea.

at the rate of 1,000 shares each. A sum of Rs. 5 per each guarantee share was paid up. The significance of the guarantee share was that those gentlemen guaranteed to meet the liabilities of the Bank up to a lakh of rupees each while the Provincial Bank in return paid commission on the uncalled amount of each guarantee shares of Rs. 95 at $\frac{1}{2}$ per cent per annum. On the basis of this guarantee the then Bank of Bengal and now the Imperial Bank lent the Provincial Bank at a rate half a per cent lower than the prevailing bank rate. In 1933 the guarantee shares were abolished and the guarantee shareholders were given the option of converting the paid up value of their shares into ordinary shares of the Bank which they did except Raja P. C. Lal Choudhary. The authorised capital of the Bank at present is Rs. 20,00,000 divided into 4,000 ordinary shares of Rs. 500 each. The number of subscribed shares is 2,922 of which Rs. 200 per share has been called and paid up. The capital paid up therefore is Rs. 5,84,400, the uncalled liability on shares being Rs. 8,76,600. All the subscribed shares are distributed among 42 individual members holding 370 shares and 101 Central Banks and Societies (include 13 central banks of Orissa) holding 2,552 shares.

The Statutory Reserve Fund of the Bank amounts to Rs. 4,77,400. There are other reserves for contingencies amounting to Rs. 3,60,560. The total amount of reserves therefore is Rs. 8,37,900.

The total amount of deposits held by the Bank as on 31st December, 1940, was Rs. 44,42,000 at varying rates of interest. The present rates are as follows:—

- 1 % on current account of individuals.
- $1\frac{1}{2}$ % on floating deposits of central banks and societies.
- $2\frac{1}{2}$ % on Savings Bank deposits of individuals and societies.
- 3 % on fixed deposits of individuals for one year or more.
- $3\frac{1}{2}$ % on fixed deposits of central banks and societies for one year or more.

The following broad heads of assets and liabilities of the Bank as on 31st December, 1940, will show the position of the Bank in a nutshell:—

Liabilities

		Rs.
1. Share capital	..	5,84,400
2. Reserves	..	8,37,900
3. Deposits	..	44,42,000
4. Government loans	..	23,80,000
5. Sundries and Imperial Bank overdraft	..	8,71,500
6. Profits	..	1,60,400
		<hr/>
Total	Rs.	92,76,200

Assets

		Rs.
1. Cash	..	54,000
2. Investment in Government Securities (Market value Rs. 21,27,231)	..	18,73,600
3. Loans, cash credits and overdrafts to central banks and societies	..	54,57,100
4. Loans to individuals against fixed deposits	..	78,900
5. Interest on loans, cash credits, overdrafts, Government Securities etc.,	..	10,74,900
6. Buildings	..	43,900
7. Sundries	..	6,93,800
		<hr/>
Total	Rs.	92,76,200

The funds of the Bank are utilised in loans and other advances under cash and maximum credits to central banks and societies. For every loan advanced or cash and maximum credits granted to a Central Bank or a Society, the previous recommendation of the Registrar of Co-operative Societies, Bihar is required. The Registrar of Co-operative Societies enquires into every application through his own staff. Cash credits up to a maximum limit of Rs. 15,000 withdrawable on demand are granted to Central Banks and Unions secured on their general assets. The rate of interest charged at present is 6 per cent per annum. Each Central Bank is required to execute a pro-note payable on demand and also an agreement bond making the pro-note a continuing security for the sum fixed as its cash credit. On the recommendation of the Registrar of Co-operative Societies, as noted before, cash credits are granted for a maximum period of 12 months and if not previously renewed are repayable on the expiry of the period. A sum of Rs. 6,01,400 has been sanctioned as cash credits to 71 Central Banks, Unions and Societies out of which Rs. 4,01,500 stood drawn on 31st December, 1940. On a recommendation from the Registrar of Co-operative Societies, the maximum credits

are granted to Central Co-operative Banks or Unions up to a maximum of twice the amount of the sanctioned cash credit at the same rate as that charged on cash credit accounts for 12 months on the expiry of which period the credits are either to be renewed or repaid. Withdrawals under the maximum credits are to be made after a week's notice and all transactions in such accounts are permitted only through cash credits. A sum of Rs. 3,71,800 has been sanctioned as maximum credit to 18 central banks and unions the whole of which has been drawn on 31st December, 1940. The requirements of the Central Banks in addition to cash and maximum credits, if any, are met by loans usually made repayable in 4 equal instalments within four years. The rate of interest charged on loans is 5 per cent or 6 per cent per annum. A sum of Rs. 54,57,000 has been advanced to 46 Central Banks and Unions and 18 societies. The Bank does not now finance any other Primary Agricultural Society except 8 societies saved from the Gaya Central Co-operative Bank in liquidation, and 38 Paharia Societies, on the recommendation of the Registrar of Co-operative Societies on a normal credit basis. Cane Growers' Co-operative Societies are also directly financed by the Bank. A brief note on the working of the Paharia Societies which are under the direct management of the Provincial Bank is given elsewhere.

4 Central Banks and 2 local urban banks are under the direct management of the Provincial Bank and are controlled through its Inspecting Officer and Assistant Secretary. The recoveries at these banks are, since their being taken over, comparatively better than in the rest of the Banks of the province.

The Bank has made total profits amounting to Rs. 14,03,000 since it was started. An aggregate sum of Rs. 8,37,900 has been appropriated to reserves. Contributions were made annually for training of Panchas and development work from out of the profits and the total of these amounts to Rs. 33,400. A sum of Rs. 3,71,200 has so far been distributed as dividend since the inception of the Bank. The usual dividend paid to ordinary shareholders was 6 per cent. The dividend paid to guarantee shareholders was 6 per cent on the paid up amount of their shares plus commission at $\frac{1}{2}$ per cent on the 95 per cent uncalled amount of their shares. Due to heavy concessions in rates on loans granted to most of the central banks of the province, the interest earning of the Bank has gradually diminished. A sum of Rs. 17,65,000 advanced to central banks is now free of interest as the Banks which owe this amount are not able to pay. Another sum of Rs. 11,20,000 earns an interest of 2 to 3 per cent. The present average interest earnings of the Bank is 3.61 per cent and the average interest charges payable on Fixed Deposits only is 3.43 per cent the average borrowing rate on all kinds of deposits and other liabilities being much less.

The Balance Sheet of the Bank is annually audited by Messrs. Lovelock and Lewes, chartered Accountants, Calcutta, appointed on the recommendation of the Registrar of Co-operative Societies,

Bihar. The day to day audit is conducted by Government auditors and the half yearly Balance Sheets were till recently audited by the Chief Auditor of Co-operative Societies, Bihar. The average running expenses of the Bank is 0.40 per cent on its working capital. It has a full time paid Secretary with a staff of 17 members in the office and 1 member in the field.

Under the scheme of rehabilitation announced by the Local Government the position of the Provincial Bank will be as follows:—

Government will bear the losses of the Provincial Bank in giving effect to the rehabilitation scheme and will give such other financial assistance and support as may be necessary. In view of the nature and extent of the financial responsibility involved, Government will assume necessary control over the Provincial Bank for a number of years and appoint an experienced banker to be called the Banking Adviser who will work as Managing Director and will be primarily responsible for advising Government on the banking side of the business. During the period of rehabilitation the management of the Provincial Bank will be in the hands of a small interim Board of Directors consisting of a Chairman and six other members. The Chairman and Directors other than the Banking Adviser will be elected in accordance with the existing by-laws after necessary amendment regarding the constitution of the Board but their appointment will be subject to the approval of Government. On the assumption by Government of the control of the Provincial Co-operative Bank, (1) Notices may be issued to all the depositors reducing the rates of interest on deposits to rates considered suitable by Government and the Bank will repay in full those depositors who do not wish to retain their deposits at the reduced rates, (2) Government will guarantee to the Provincial Co-operative Bank a cash credit of a sum considered sufficient to ensure ability to repay deposits, (3) Government will also guarantee a revolving cash credit of an amount considered suitable for financing crop loans to retained members of societies in the central banks and new business of central banks, and (4) The Provincial Bank will continue to accept deposits but only at rates approved by Government subject to such limits and rules as Government may prescribe from time to time.

D. URBAN BANKS

Though Bihar provides an excellent field for the organisation of urban co-operative banks, the progress achieved has not so far been impressive. The urban societies, as they are called, are organised both on the basis of limited and unlimited liability, though the former predominate. They cater to the credit needs of a great variety of persons, superior and ministerial officers of Government, employees of industrial companies, contractors, small traders, etc. Most of them mainly operate in towns. Their present position can be studied under the following categories.

Provincial Credit Societies.—There are 9 societies of this type for Government servants and wage earners, with a membership of 6,282.

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to be registered in the area. Later societies began to rise in quick succession and to-day practically each department of the Steel Company has a society of its own. Besides the departmental societies, there is a General Co-operative Society, which invites membership from all the departments of the Company. Out of the 29 societies that now exist, 27 are in Tisco and 2 in Golmuri area of the Tin Plate Company. The total membership of the societies is 13,942 with a working capital of Rs. 28.54 lakhs. The paid up share capital and reserve and other funds amount to Rs. 12.69 lakhs and Rs. 2.84 lakhs respectively.

The societies have accepted deposits from their members to the tune of Rs. 13.02 lakhs and have advanced Rs. 25.76 lakhs during 1939 and realised Rs. 23.12 lakhs. At the close of the year a sum of Rs. 20.95 lakhs was outstanding as loans from the members out of which only Rs. 50,000 was overdue. The rates of interest vary from 6 to 10 per cent and the recoveries are made at the source, i.e., by deductions from the salary of the employees. The combined profits of the societies amounted to Rs. 93,000.

The administration of the societies is vested in a committee of management elected at the Annual General Meeting. In most of the societies the secretaries who are the paid employees of the company draw an honorarium, yearly or monthly, for the work done by them in the societies.

CONSUMERS' STORES

There are 6 co-operative stores with a membership of 658. The working capital is Rs. 84,000 and the paid up share capital is Rs. 14,000. The reserve and other funds amount to Rs. 24,000. The total deposits held by the stores from members and non-members amount to Rs. 22,000 and the societies owe a sum of Rs. 25,000 to the provincial and central banks. The value of goods advanced was Rs. 45,000. The outstandings against the members stood at Rs. 41,000. The value of goods sold was Rs. 1.85 lakhs. Except two of the stores which were running at a loss the combined profits of the rest amount to Rs. 6,000, the average margin of profit being $6\frac{1}{4}$ per cent.

Co-operative stores have not been very successful in this province. Big stores started with huge working capital ultimately came to grief after they had worked promisingly for a number of years. Some of the old stores are now under liquidation.

PURCHASE AND SALE SOCIETIES

The cane marketing unions numbering 28 with a membership of 655 and cane growers' co-operative societies numbering 828 with a membership of 17,988 are of the nature of purchase and sale societies. They are all based on limited liability. They supply cane to the sugar

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to give an annual grant of Rs. 5 lakhs to various Provinces for a period of 5 years from November 1934 and invited suitable schemes from the Provincial Governments for the development of co-operative buying and selling of hand-woven goods on behalf of the handloom weavers and for better organisation and improvement of handloom industry generally. A scheme was, therefore, drawn up by the Local Government to utilise the Bihar and Orissa share of the above grant and the same received the approval of the Government of India in February, 1935. Necessary staff was appointed immediately and the manufacture and marketing of handwoven cloth was started from the 1st April, 1935. The handloom marketing scheme of Bihar is not based entirely on co-operative lines but it has for its object the education of weavers in co-operation and business principles and the gradual training of them to shoulder and discharge efficiently the onerous duties pertaining to co-operative finance, buying, manufacturing and marketing. The Bihar Cottage Industries, therefore, made a start with a few "production societies of weavers." The financing and supervision of these societies and the organisation of new ones were entrusted to the Co-operative Department and a part of the grant made by the Government of India was placed at the disposal of the Registrar of Co-operative Societies. At the outset one organiser and 3 weaving Supervisors for 3 societies were appointed. The number of the latter was increased to 5 in 1936 and 7 in 1937-38. The working of 3 of these societies organised in Orissa was taken over by that Province in 1938 and in the same year one society in the Darbhunga District was closed on account of unsatisfactory working. These societies have been working mainly as manufacturing agents to the Department of Industries which has built up a market in India and overseas but the fate of these societies has now become uncertain due to the irregular and uncertain marketing situation caused by the War. There are 7 such societies at present. The following statement showing the working of weavers' co-operative societies may be of interest :—

Number of societies	..	7
Number of members	..	511
		Rs.
Share Capital paid up	..	12,000
Working Capital	..	34,000
Amount utilised in actual turn over	..	1,16,000
Value of yarn purchased	..	29,000
Value of goods sold to Industries Department	..	43,000
Value of goods sold through societies	..	8,000
Earning of members	..	12,000
Reserve and other funds	..	11,000
Profit	..	2,000

Y.B.—33

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rate of interest of which the minimum rate is 25 per cent per annum. There are four societies in the area which have been working independently out of their own working capital and the members of these societies have been enjoying the privilege of a reduced rate of interest on loan at 9½ per cent per annum. The reduction in the rate of interest has not only permitted very substantial relief to the Paharias but has aroused the activity of members of other societies as well.

There are 38 Paharia Societies. All of them are agricultural credit and unlimited liability societies. It is by virtue of the societies' good working that the classification of the societies is being raised every year in audit. During the year 1938 there were 12 A class, 4 B class, 7 C class and the rest of the societies having not been audited were not classified. There are no D and E class societies. Total number of members was 823 during 1940. All the societies are situated on hills and the members are Paharias—an aboriginal tribe. The main produce of the Paharias is *sabe* grass which grows in abundance on the hills where they live. *Sabe* grass is mostly consumed by the Titghar Paper Mills in making paper. Loans to the Paharias are advanced on the strength of their *sabe* produce. *Sabe* grass is an important product of the Rajmahal sub-division. Government royalty at one anna per maund is realised from the sale of *sabe* grass. Thirteen societies have taken the weeding and harvesting operations in their fields in their hands. The last contract for the sale of *sabe* grass made between the middleman Mahajans and Paharias expired on 31st March, 1938. A fresh contract was made for 5 years in 1938-39 and the price offered by the Titghar Paper Mills was Rs. 1-3-0 per maund out of which Rs. 0-4-6 per maund is paid to the Paharias and Rs. 0-4-0 goes towards the building of the sinking fund for improving the *sabe bars* by weeding and reconditioning the areas. The remaining annas ten and pies six out of Rupee one and annas three goes towards harvesting and other expenses. During the year 1940 the working capital of the 38 societies was Rs. 20,141 out of which Rs. 6,350 was the reserve fund and Rs. 1,977 was members' deposits. Paid-up share capital amounted to Rs. 2,377. The amount borrowed from the Bihar and Orissa Provincial Co-operative Bank as it stood on 31st December, 1940 was Rs. 9,161. The total collection made during the year 1940 amounted to Rs. 16,502 out of which Rs. 15,438 was collected towards principal and Rs. 1,064 towards interest leaving Rs. 751 as overdue in principal only. The Paharia Societies and the members of the societies repay their entire amount of principal and interest at the time they receive their *sabe* price from the middleman Mahajans through the Special Officers of *sabe*. The number of defaulters are few and far between. The cost of management of these societies is Rs. 1,800. 2,50,000 maunds of *Sabe* is annually supplied to the mills.

Societies of Shopkeepers.—There are 17 societies of shopkeepers with a total membership of 338. The working capital of these amounts to Rs. 1,24,000. The share capital paid up is Rs. 10,000

and reserve and other funds amount to Rs. 21,000. A sum of Rs. 535 was advanced during 1939 and the amount repaid by the members during this period was Rs. 6,000. The members owed to the societies a total sum of Rs. 66,000 as at the close of 1939. Members' deposits in the societies amounted to Rs. 2,000 and the societies borrowed Rs. 91,000 from the central banks and the Provincial Co-operative Bank. Most of the societies were running at a loss and the combined losses of all these amounted to Rs. 1,500. The societies paid 10 per cent on borrowings and charged 12½ per cent on lendings. The combined cost of management was Rs. 450.

Home Industries Societies.—There is one Home Industries Society with 11 members. The working capital is Rs. 1,300 and the paid up share capital amounts to Rs. 165. The reserve and other funds amount to Rs. 300. The society borrowed Rs. 700 from the local central bank at the close of the year. No amount was advanced to members during the year. A sum of Rs. 235 was recovered during the year leaving Rs. 1,200 outstanding against the members. The rate of interest on borrowings is 9 per cent and that on lendings is 10 per cent.

Farmer and Cottage Industries Societies.—There is only one Farmer and Cottage Industries Society with a membership of 54. The working capital is Rs. 368 and paid up share capital Rs. 126. A sum of Rs. 136 was advanced to the members and Rs. 79 was realised from them during the year. The balance outstanding as at the close of the year was Rs. 250. The Society advances loans at 9½ per cent. The cost of management was Rs. 3.

Better Living Societies.—In 1939 there were 30 better living and gramsudhar societies with a total membership of 1,412 and a working capital of Rs. 3,700, there being no share capital. Reserve fund, created out of members' subscription and admission fee, amounted to Rs. 3,400. Members and non-members had in deposit a sum of Rs. 300. Advances during 1939 amounted to Rs. 700 and realisations during the same period from the members were Rs. 800. Total outstanding at the close of the year against the members was Rs. 2,100. The working of all the societies resulted in a total profit of Rs. 500 and the combined cost of management was Rs. 230.

Thrift Societies.—There are 5 thrift societies with a total membership of 124. The working capital of all the societies amounts to Rs. 10,500 and the paid up share capital amounts to Rs. 3,000. Deposits from members at the close of the year stood at Rs. 7,000. A sum of Rs. 8,000 was advanced to the members. Realisations during the year amounted to Rs. 700. As at the close of the year outstandings against the members stood at Rs. 7,500. The average borrowing rate was 7½ per cent. The combined cost of management was Rs. 19. The Societies worked on profit and the combined profit was Rs. 287.

Grain Golas.—There are 23 grain golas with a membership of 8,429. The working capital amounts to Rs. 29,400. The reserve fund amounts to Rs. 18,000. The members are advanced loans in the shape of both cash and grain. A sum of Rs. 42 in cash and grains worth Rs. 43.00 were advanced to the members. During the year Rs. 522 was realized in cash. Outstandings at the close of the year against the members stood at Rs. 11,000 in cash and Rs. 22,000 in grains. While there was nothing overdue in cash, a sum of Rs. 9,000 was overdue in grains. On borrowings interest at the rate of 12 per cent is allowed and on lendings interest at 25 per cent (grains) is charged. All the societies worked on profit and the combined profit amounted to Rs. 11,000. The combined cost of management was Rs. 1,094 in cash and Rs. 136 in grains.

THE CO-OPERATIVE FEDERATION

The Co-operative Federation was founded and registered in 1916. The first meeting of the Council of the Co-operative Federation was held on the 26th February, 1918, with Mr. Collins, the Registrar-Governor in the chair.

The registered by-laws define the following as the objects of the Federation :—

- (1) to ensure a regular and efficient system of supervision, audit and control for all co-operative banks and societies enrolled as members;
- (2) to promote agricultural, industrial and other special forms of co-operation;
- (3) to aid in the expansion and improvement of primary education, to promote sanitation to facilitate medical and famine relief and generally to secure the moral and material progress of its affiliated societies;
- (4) to secure unity and uniformity among all co-operators in Bihar and Orissa and to see that all co-operative business is conducted on sound and progressive lines.

The management of the Federation was vested in the beginning in the Registrar-Governor and an advisory council of 15 members, three for each Division including 6 more, out of whom one was to be the representative of limited liability societies other than central banks. The auditors and other direct employees of the Federation were to remain under the sole direction, control and discipline of the Registrar and no auditor was to be employed who was not licensed by the Registrar. A system of Provident Fund was introduced with the object of making the service attractive. In 1924 a Development section was added to the Federation.

During the period Khan Bahadur Mohiuddin Ahmad was the Registrar, a number of useful pamphlets of propaganda on co-opera-

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During the period Khan Bahadur Mohiuddin Ahmad was the Registrar, a number of useful pamphlets of propaganda on co-opera-

Mr. Y. A. Godbole. During Mr. Ansorge's time the post of Assistant Propaganda Officer was abolished. He delegated most of his powers as Governor of the Federation to a councillor, who carried on his duties till the election of Babu Mahendra Prasad as the first Deputy Governor in February, 1932. In 1935 the Training Section of the Federation was abolished, and a Training Institute run by Government was established at the time with the Government of India grant. The Development levy on affiliated societies also was stopped with the result that all that was left of the Federation was the Audit section with the exception of such work as it carried on through the five Divisional Boards to whom it contributed Rs. 500 in all per year.

The 20th session of the Co-operative Federation Congress which met at Patna on 6th and 7th April, 1938, under the presidentship of Hon'ble Mr. V. Ramadas Pantulu, adopted a resolution making over audit to Government. The primary reasons were that the financial stringency had made it impossible for most of the societies and central banks to pay their audit contribution and it was under the distinct impression that audit would be free that the Congress passed the resolution. In accordance therewith Government took over the audit section on 1st November 1938, on a temporary basis.

SUPERVISION, EDUCATION AND AUDIT

SUPERVISION

Reorganisation of the Co-operative Department.—When the province came into being with 3,530 agricultural and non-agricultural societies and 8 central banks, the Department was composed only of 5 persons—the Registrar (an officer of the Indian Civil Service), his personal assistant (an officer of the Indian Executive Service) and three auditors. As the number of banks and societies increased, in 1913-14, the number of auditors was raised to five out of whom some were recruited from the sub-ordinate executive service and others were appointed to that service either immediately or subsequently. Each auditor was placed in charge of each of the 5 divisions or the province. In the following year Government agreed to appoint five local auditors for the audit of co-operative societies and one more for every additional 120 societies in future. As the Registrar's work increased, the post of his personal assistant was converted in 1915-16 into that of a Deputy Registrar with powers to inspect societies. The Secretary of State in 1919 made the Department permanent and sanctioned directly one Registrar recruited from the Indian Civil Service, and one Deputy Registrar and six Assistant Registrars recruited from the Provincial Executive Service one for each division and one for the Headquarters to work as personal assistant to the Registrar. For financial reasons the Local Government were not able to appoint all these officers. The Lyall Committee in 1923 recommended the appointment of more Assistant Registrars to cope with the rapid expansion of the movement. It also

recommended the appointment of a Deputy Registrar for the Orissa and Chota Nagpur divisions with some of the powers of the Registrar delegated to him and the abolition of the post of the personal assistant. The controlling staff was increased from time to time with the expansion of the movement until it consisted of one Registrar, one Deputy Registrar and 9 Assistant Registrars and 3 additional Assistant Registrars for the year 1931 when the Bihar and Orissa Committee on Co-operation was appointed by the Local Government to review the condition of co-operative institutions in Bihar and Orissa and to make recommendations for the improvement of co-operation in the Province. This Committee recommended a further increase in the staff. Government sanctioned a scheme for the re-organisation of the department with effect from the 1st April, 1936, when Orissa was made a separate Province. The staff of Bihar now consists of one Registrar who is an officer of the Indian Civil Service and one Deputy Registrar who is a senior member of the Provincial Executive Service and 8 Assistant Registrars and 28 Inspectors. Two of the Assistant Registrars are Deputy Collectors and 5 Sub-Deputy Collectors and one has been taken from the ministerial staff on a temporary basis.

EDUCATION

In the year 1916 arrangements were made for training the Bank employees through lectures delivered by the officers of the department. This arrangement continued with some intervals up to 1929. In August 1929 the Sabour Training Institute was started with a staff of whole time teachers employed by the Federation. The technical training of Panchas and Secretaries of village societies was carried on by some central banks. In 1928 regular training classes for a period of 15 days in a month were started by the Propaganda Officer of the Federation. These arrangements continued till the 25th May, 1934, from which date the Sabour Training Institute practically ceased to function. In the latter part of the year 1935 the Government of India sanctioned an allotment of Rs. 1,23,600 for co-operative training and education for the joint province of Bihar and Orissa out of which the share of Bihar was Rs. 88,253. With the funds available to Bihar including the grant from the provincial revenues at the rate of Rs. 3,213 a 4-year scheme for co-operative training and education was drawn up and was sanctioned by Government towards the end of 1935. The scheme provided for the appointment of a Principal and two lecturers—one of them being appointed as a part time lecturer for six months in a year—for a Training Institute. This institute trains departmental officers such as inspectors, welfare officers, etc., and also holds refresher classes for bank employees. Two education inspectors and 17 instructors as field staff came to be appointed on a temporary basis in 1935 for educating the office-bearers of rural societies. The term of the Institute expired on 31st March, 1940, and has been extended by the local Government for a further period of 2 years with more or less the same scale as before. The scheme of training members

and Panchas of rural societies with a separate field staff has been suspended pending the completion of the rehabilitation enquiries which have been started in this Province for over three years.

AUDIT

When the Federation was brought into being the entire Government audit staff was transferred to its control, subject to the overriding control of the Registrar as Governor. The staff then included in addition to the local auditors, 6 divisional auditors now called assistant auditors who audited the central banks and other limited liability societies. Five of them were paid out of a special Government grant of Rs. 17,000 to the Federation. The cost of the local auditors was met partly by Government and partly by the societies except in the case of new societies and those in backward areas. The Government accepted the recommendation of the Lyall Committee that at least 10 per cent of the societies audited by the local auditors should be reaudited, 5 per cent by the Assistant Registrars and 5 per cent by the Assistant Auditors and that a Chief Auditor should be appointed to check all audit work and advise and assist the Registrar in the discharge of his audit functions. A chief auditor accordingly came to be appointed in 1925. In the 20th Session of the Federation Congress held at Patna on the 6th and 7th April, 1938, it was resolved that the control of audit, so long vested in the Federation, be transferred to the Government. The audit staff which at present consists of 6 assistant auditors, 13 junior assistant auditors and 56 local auditors has accordingly been taken over by Government on a temporary basis with effect from the 1st November, 1938. The question of reorganisation of audit service is under the consideration of the Local Government.

SUMMARY OF REFORMS

To encourage the growth of owned capital in unlimited liability societies and limited societies the compulsory share system was introduced in 1915-16 and gradually extended until after 1920-21 it became a permanent feature of all the societies with or without unlimited liability to ensure both better supervision and greater security. The idea of guarantee unions was imported from Burma in 1916-17. These associations of primary societies for mutual inspection and supervision work were encouraged by all possible means until in the year 1927 their number rose to 220. These guarantee unions however failed as the members of societies were not found able to run them on proper lines. To ensure better audit, training and development and to serve as a co-ordinating agency for the movement the Bihar and Orissa Co-operative Federation was registered in 1917-18. The need for trained managers was felt as the business of the central banks grew. The bank staff was required to be licensed in future by the Registrar of Co-operative Societies acting as Governor of the Federation and temporary classes were started in 1915 at Sabour to impart necessary training to the can-

didates for the post of managers, auditors, bank clerks and supervisors and inspecting clerks of societies. In the same year the MacLagan Committee's Report on Co-operation was published and this served as a standard for the guidance of the co-operative movement. In 1922 a small committee was appointed by the local Government to examine the financial aspect of the movement as a whole. This Committee fixed the standard of fluid resources to be maintained by banks. In the following year a larger Committee under the chairmanship of Mr. Lyall was appointed to consider the arrangements for the future control of the co-operative movement in this province, the adequacy of audit system and the financial assistance required from Government. The most important recommendations of this Committee have been dealt with in the reorganisation of the Department.

LEGISLATION

The Committee on Co-operation emphasised the need for a Provincial Act with necessary alterations to suit the local conditions in place of the All-India Co-operative Societies Act of 1912. A bill was accordingly drafted and passed by the Provincial Legislature as the Bihar and Orissa Co-operative Societies Act (Act VI of 1935) which with the sanction of the Governor-General of India came into force on the 29th May, 1935. The special features of the new Act (VI of 1935) distinguishing it from the Act of 1912 are:—

1. The new Act tightens up the restriction on borrowings and lendings and all transactions with non-members.
2. Provision has been made to prevent fraudulent disposal of property by a borrowing member pending dispute or liquidation proceedings by giving the Registrar power of attachment.
3. The certificate procedure has been made applicable to the recovery of all co-operative dues and central banks have been authorised to realise their dues either from the society concerned or from all or any of its members subject to the limit of liability. This removes a vital defect in the machinery of recovery of dues.
4. The percentage of net profit of a society to be carried to reserve fund has been increased from 25 to 35.
5. The Act gives the Registrar powers to enforce the amendment of the by-laws of an existing society as is necessary.
6. It empowers the Registrar to surcharge the person or persons responsible for involving a society in any loss by negligence or by payment contrary to law or the rules of the society.
7. To meet cases of continued mismanagement the supersession of a managing committee of a society has been provided as an intermediate step between normal working and liquidation in order to give the society an opportunity to improve matters.

This Act was supplemented by an Amendment Act passed in August, 1935. The object of the amendment Act is to facilitate the adoption of schemes of compromise or arrangement between co-operative banks and their creditors intended to rehabilitate or reconstruct a bank. The amendment was also considered necessary to protect a bank from embarrassment created by one or more creditors rushing to civil courts when a majority of creditors may be willing to give it a chance to find some way out of the difficulties created by the economic depression and save the members and creditors from the dire consequences of hasty liquidation.

SET BACK OF THE MOVEMENT—SCHEME FOR ITS REHABILITATION

During a period extending over 3 decades, the movement expanded very rapidly, particularly during the years that followed the war boom. Then there was a period of stagnation resulting in a steady fall in recoveries. Then came the great economic depression in or about 1930 followed by a greater calamity, namely, the great earthquake of 1934 followed by an abnormal fall in the prices of agricultural produce and in the price of land. The result of these economic factors combined with inexperienced financing of the past beyond the limit of repaying capacity, absence of adequate supervision and business methods led to the set-back of the movement in the province. The question of rehabilitation has been engaging the attention of the Government for a long time and after due consideration of the problem in all its bearing and in consultation with experts on the subject the Government have sanctioned a scheme for the rehabilitation of the movement, on the 15th April, 1941.

"Co-operation touches no man's fortune ; seeks no plunder ; enters into no secret associations; it contemplates no violence ; needs no trades union to protect its interests; it subverts no order, envies no dignity; it accepts no gift; nor asks any favour; it keeps no terms with the idle and it will break no faith with the industrious. It is neither mendicant, servile nor offensive; it has its hands in no man's pocket and does not mean that any other hands shall remain long or comfortable in its own; it means self-help, self-dependence and such share of the common competence as labour shall earn or, thought can win."

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MAP OF
COOPERATIVE BANKS
IN THE
COMBEE PRESIDENCY

BOMBAY.

YIZAM
TERRITORY

BOMBAY

General Features.—The province of Bombay with its Indian States stretches along the western coast of India having Mysore on the South, Hyderabad on the East, Central India and Rajaputana on the North and the Arabian Sea on the West. The principal Indian States in the province are Baroda, Cutch, Palanpur, Rewa, the Kathiawad States and Kolhapur. The Vindhya and the Western Ghats are the chief mountain ranges. The Tapti and the Nerwada are the chief rivers on the northern part and the Kistna and the Godavari on the southern part of the presidency. The province has an area of 77,221 sq. miles and a population of about 20·86 millions (1941). Under the Government of India Act of 1935, Sind and Aden were separated and were constituted into a separate province and Crown colony respectively in the year 1936, and Bombay was assigned the status of an autonomous province in the year 1937. It has a bicameral legislature and the Governor^{*} is assisted by a council of seven ministers. But, since the resignation of the Congress Ministry in October 1939, the administration is being carried on by the Governor with the help of three official advisers.

Of all the British provinces, Bombay has the highest percentage of urban population. Hindus constitute nearly 80 per cent of the population and the rest Parsis and others. Gujarati, Marathi and Kanarese are the principal languages spoken. The climate of the province is free from extremes and can be considered to be moderate. Rainfall is not uniform throughout, the average annual rainfall in Gujarat, Konkan and Bombay Deccan being 32·5 inches, 107·4 inches and 30·4 inches respectively. Cotton is the principal commercial crop of the province and about 60 per cent of the population live on agriculture.

The city of Bombay is the headquarters, the other important cities in the province being Ahmedabad and Poona. Bombay is the largest port in India, the value of the total sea-borne trade being Rs. 150 crores in the year 1937-38. There is only one University in the province and another—an unrecognised University, viz., the Thakersey University for Women, which is the only institution of its kind in India. The revenue and expenditure of the province for the year 1941-42 have been estimated at Rs. 1,356·65 lakhs and Rs. 1,356 lakhs respectively.

A Retrospect.—The co-operative movement was introduced in the province of Bombay as in other provinces after the passing of the first Co-operative Credit Societies Act of 1904 and the first co-operative credit society in the presidency was registered on May 8th, 1905 on the Raiffeisen model. The gravity of the agrarian situation brought about by the problem of the load of rural debt and the absence of credit faci-

^{*}Governor: H. E. Sir Roger Lawrence Lumley, K.C.I.E., T.D.

ties to the agriculturists came to the fore in the Bombay presidency by the serious agrarian riots that took place in the Poona district in 1878. The Deccan Agriculturists' Relief Act of 1879 was the first important protective legislation that was passed in India to save the agriculturists from the more serious consequences of debt. Then followed the Land Improvement Loans Act of 1883, and the Agriculturists' Loans Act of 1884. But the first constructive legislative measure in India to deal with the problems of rural indebtedness and rural credit was the Co-operative Societies Act of 1904. The functions of the co-operative credit societies envisaged by the Act of 1904 were widened, as is well known by the Co-operative Societies Act II of 1912 which facilitated the organisation of central banks, unions and non-credit societies. The All India Act of 1912 was replaced in Bombay by a Provincial Act—the Bombay Co-operative Societies Act, VII of 1925. The main difference between the scope of the All India Act and the Bombay Act consists in widening the scope of the legislation. Whereas the two previous Acts were intended for only 'men of limited means,' under the Bombay Act societies could be formed of persons with common economic needs and its preamble refers to 'better living, better business and better methods of production' as the aims of the movement.

The progress of the movement in the province was examined periodically. It was once examined by the Committee on Co-operation appointed in 1914 (MacLagan Committee), again by the Royal Commission on Agriculture in 1926 and again by the Provincial Banking Enquiry Committee in 1929-30. There were later inquiries as well dealing with particular sections of the movement. The financial structure of the co-operative movement in Bombay differs in material respects from that of other provinces. The Bombay Central Co-operative Bank which owed its origin to the efforts of Sir Vithaldas Damodar Thakarsay and Sir Lalubhai Samaldas, was really the first central bank in the province and it was formed for the specific purpose of making advances to the co-operative societies. It is interesting to note that it was started on 11th October 1911 under special agreement with the Government of India before the Co-operative Societies Act of 1912 was passed. It was only under the Act of 1912 that central societies composed of primary societies as members could be legally formed. The name of this bank was changed into the Bombay Provincial Co-operative Bank in the year 1924. A unique feature of the Bombay Provincial Co-operative Bank is its system of directly financing the primary societies through its branches situated at convenient centres. In the year 1939-40 there were 31 branches and 7 sub-branches of the Provincial Bank working. After 1920, when the formation of district central banks became a feature of the financial policy of the province, such central banks were organised for many of the districts and today there are 11 district central banks and they are affiliated to the provincial bank. Besides central banks, the Provincial Bank has primary societies as its members. There are as many as 1,971 societies affiliated to the bank. In addition to these, there are individual members numbering 1,217. The Provincial Bank was also the central financing agency for the sup-

ply of long term land mortgage credit for the land mortgage banks in the province until a separate provincial co-operative land mortgage bank was registered in 1936.

Co-operative urban credit has made substantial progress in Bombay. Urban credit societies have always been a very important feature of co-operative credit in Bombay. Besides societies organised for special purposes or special classes, these fall under two important heads—(1) societies which aim at doing banking business in general, particularly for traders, *entrepreneurs* and artisans and (2) societies for salary-earners. The societies of class one which are popularly known as urban banks show creditable progress. There was some decline in their deposits as reflected in the figure of their total working capital in 1939-40 when compared with the previous year. It was due to a very temporary cause viz., the withdrawals of deposits which followed the outbreak of the war in Europe. But the position has been stabilised and the bulk of the money had flowed back into the banks. There were 54 such urban banks in the province with a membership of over 61,000 and a working capital of Rs. 2·28 crores. The Registrar in his latest report remarks that urban banks in the province are, with few exceptions, generally working well and are having beneficial effect on the life of the towns. Local trade is being developed in areas where otherwise population and industries are dwindling. The general progress of the movement in the last 15 years, that is from the time when the Bombay Provincial Co-operative Bank has assumed its present name, in the province can be seen at a glance from the following table :—

Year	No. of Societies	No. of Members	Working Capital
			Rs.
1924-25	4,126	3,92,163	7,11,66,611
1928-29	5,472	5,48,634	11,91,79,910
1939-40	5,289	6,31,346	16,13,15,255

The figures for the Bombay province include those for Sind also till the latter was constituted into a separate province in 1936.

Among the non-credit activities in the province the house building societies deserve mention. The Saraswat Co-operative Housing Society, Ltd., Bombay, was the first co-operative housing society registered in 1915 and celebrated its silver jubilee in April 1940. There are altogether 99 housing societies in the province out of which as many as 54 are in Ahmedabad. The Registrar in his latest report says that these societies are, on the whole, working satisfactorily though a regrettable feature in the working of some of them is the growing sign of internal dissensions, resulting in protracted litigation.

Co-operative Cotton Sale Societies in Karnatak and Gujarat, specially those of Gadag, Hubli and Dharwar, occupy a prominent place amongst the agencies that market the cotton crop of the province.

Sales of cotton which were managed by the Agricultural Department from 1910-1916 were transferred to the Cotton Sale Societies in 1917.

CO-OPERATIVE FINANCE

A. RURAL CREDIT SOCIETIES

Rural credit co-operatives in this Province were organised on the Raiffeisen type with unlimited liability. The initial capital in the form of deposits was collected and compulsory deposits at a certain percentage of the advances made from year to year were deducted. In 1930, the share capital system was introduced, though these shares are transferable or withdrawable in certain circumstances. Usually the jurisdiction of a society is restricted to a village, though when circumstances require, it may be limited to a part of a village or may extend to a group of villages. Though of late the maximum membership is limited to 50, there are societies with as large a membership as 500, the minimum membership required being 10.

According to the census report of 1931, there were 21,500 villages with a population of 138 lakhs. The administration report for the year 1938-39 gives the number of societies at 3,700 with a membership of 1.93 lakhs. It is thus seen that only 17.2 per cent of the villages have seen the co-operative movement while only 7 per cent of the rural population is served by co-operatives, a family being taken to be composed of five members. This is the achievement of over 35 years' working and cannot be considered to be at all satisfactory. Admission to membership is on a voluntary basis, both for the co-operative and the applicant. Though the rural co-operative credit societies are mainly intended for the agriculturists, admission is not denied to persons of other professions or agricultural labourers. Discrimination is not made between various castes, communities and religions. Some years ago it was thought that uneconomic holders should be debarred from being members of such societies but the bar has now been removed. The difficulties in the way of popularising the movement are many, chief among them being village politics and factions, the unsuitability of the terms and ways of co-operative (democratic) finance for all sections of the agriculturists, regarding rates of interest, limits of credits, purposes of loans, time for making advances, the ways and agency for scrutiny of demands, the types of security demanded and the like and the differences in the social and economic status of the villagers.

Subject to the directions of general bodies, the Act and the Rules, the administration of the societies is conducted by managing committees elected usually every year. Their services are honorary. As the spirit of honorary service is yet to attain perfection, slackness and indifference are seen to a large extent in management, when scrutinizing demands, exercising moral pressure for recovery, regulating expenditure etc. Frankness and the sense of trusteeship, it is noticed, are at times subordinated to individual considerations, ignoring the broader interest of

the institution as a whole. The writing of accounts is entrusted to a paid secretary, though his work is expected to be partially honorary. Of late the system of appointing group secretaries has come into vogue. They are ultimately controlled not by the village societies but by supervising unions—a federation of primary credit societies for purposes of supervision. This system is no doubt more advantageous for the efficient maintenance of accounts but is detrimental to co-operative and democratic management, let alone the question of increase in the cost for secretarial services and its consequent effect on the lending rates of interest.

The average loan per member is Rs. 119. Loans are ordinarily to be advanced for productive purposes, though accommodation is often made available for necessary and unavoidable ceremonial needs. Loans for land improvements and redemption of old debts were allowed in the past through the village societies but as the special agency of land mortgage banks has now been organised such loans, requiring comparatively longer period for repayment, are made by them only. The rural credit societies usually allow finance in cash, though of late attempts are being made to finance in kind whenever possible. Grain depots for advances and repayments in kind have been opened as departments of credit societies, as an experiment, in the last three years. These advances are made for seed and maintenance. Multi-purpose societies for linking up marketing with finance are also being organized as an experiment. These are expected to finance in kind the agricultural as well as domestic requirements of members on indent system and to act as collecting agents for the marketing of agricultural produce. As these societies cover a larger area than a village and extend their jurisdiction to a radius of five miles or so, they are registered with limited liability.

A member has to estimate his annual requirements, a difficult job for him to do illiterate as he is and as much depends on the vagaries of the monsoon. The credit of the member is then determined by the managing committee considering his repaying capacity which is very uncertain with the widely fluctuating prices of agricultural commodities. Individual credit limits are prescribed in the by-laws and special limits can be sanctioned subject to the approval of the supervising union, the central financing agency or the Registrar as the case may be. The credits are further subjected to the scrutiny of the general body of the society, the supervising union and the central financing agency. This causes delay in the co-operative finance reaching a member, thus at times resulting in misapplication thereof to purposes other than those approved of. To be of timely use advances should be made as and when required and at the door of the borrower. But the present system lacks this facility owing to the cumbersome procedure followed while advancing a loan to a member, the inadequacy of funds available on hand with the society due to various restrictions placed on maintenance of cash balances and the absence of proximity of the financing agency to the society. In short, though co-operative credit may be cheaper and well-controlled, it is often found not as convenient as *sahukari* credit for reasons noted above.

Loans are granted on suretyship and where heavy amounts are involved, they are secured on the mortgage of land. Sureties when they realise their responsibility are helpful in recovering the dues from the principal debtors by moral and individual pressure. As, however, some of the sureties were made to pay on behalf of the principal debtors, the tendency is gaining ground to have these loans secured on the mortgage of land only.

The rate of interest on lendings which was as high as 12 per cent is now reduced to 9½ per cent. It may be mentioned that the margin between the borrowing and lending rates has considerably contracted due to the levy of audit fees, supervising union's fees, increased expenditure on the secretarial staff and even on other management expenses including those for attendance at conferences, meetings of supervising unions, central financing agencies, marketing societies and the like. Though few and far between there are societies which have reduced their lending rates to 6¼ per cent per annum.

The number of societies in 'C' class in 1938-39 was 960 and of societies in 'D' class 1,568, the total number of societies being 3,709 and there being four audit classes, A, B, C and D in the order of their management and financial position. The amount, involved in arbitration was Rs. 91.6 lakhs out of the total members' dues of Rs. 229 lakhs. The number of societies in liquidation stood at 938 with members' outstanding at Rs. 65 lakhs. These figures do not represent a bright picture though not a very gloomy one either.

The business of societies began to deteriorate after the boom period following the last world war. The position became worse after the depression in prices set in in 1929-30. Thinking minds applied themselves to find out measures to stay the rot and improve the situation. Owing to the delay in the execution of awards through civil courts, societies were permitted to have recourse to revenue authorities for this purpose. Later on when this measure also was found to be short of the requirements, special recovery officers were appointed. In 1933-34 rebates in interest were granted, based on graded repayments by members and on the co-operative efforts made to improve the position of a society. These were allowed to such an extent that the year's whole profits were permitted to be thus distributed, without carrying any portion to the reserve fund. The results of this scheme were encouraging to an appreciable extent and to consolidate the position still further remissions extending to 50 per cent in interest to individuals irrespective of the position of societies were thought of and granted in the subsequent years. This procedure has been continued uptill now especially in weak societies, modified to a certain extent in respect of the scale of remission. Unwarranted continuance of this concession-scheme for a number of years has lost the charm thereof for stimulating recoveries and it is looked upon as a normal feature of co-operative finance. Some members have begun to think that not only interest would be remitted in full but a portion of the principal might be foregone in future. They feel therefore that they can withhold repayments with immunity. Similar has

been the effect of the Small Holders' Bill and the Agricultural Debtors' Relief Act though these legislative measures are intended to help the really needy agriculturists. Owing to the helplessness of societies in recovering their dues speedily and its consequential effect in freezing the advances of central financing agencies, the system of co-operative credit is undergoing a change and is being based on individual credit through the nominal agency of credit societies.

B. CENTRAL BANKS

The first serious attempt to organise district central co-operative banks in the Province of Bombay was made after the publication of the Report of the "MacLagan Committee on Co-operation in India," although even prior to 1915 some attempts were made to start central financing agencies in the districts. These attempts were, however, not on well-defined or systematic lines and the organisers made no attempt to differentiate between the functions of a central bank and an urban bank. Clear-cut lines for the formation of central banks in districts were, however, chalked out in 1916, and in 1917 the Registrar issued a leaflet (No. G) for the guidance of promoters of district central banks along with which he also drew up a set of model by-laws for such banks. The majority of the existing central banks in the Province were started in the quinquennium following the publication of the MacLagan Committee's Report. Even now, however, there are certain districts where there are no central banks. Two of these districts, namely, Ratnagiri and Kolaba, are not served by branches of the Provincial Bank, while the Bombay suburban districts may be said to be served by the office of the Provincial Bank in Bombay.

The number of central banks is 12 and there are 2 banks under liquidation. Of the existing banks, two are banking unions, while one is a central financing agency serving only one taluka but conducting as its main line of business the grant of loans to individual members. Although the constitution of most of the central banks is based on the model by-laws drawn up in 1917, there is no uniformity in the actual constitution and working, so that it will not be wrong to observe that no two banks are identically alike. Elasticity is the main feature of the system and departure from the model by-laws is allowed where the conditions require it. The figures relating to the operations of the banks are found in the following table:—

	1939-40.
1. Number of district central banks	12
2. Number of members :—	
(i) Individuals	9,179
(ii) Societies & banks	1,799
3. Paid-up share capital	Rs. 27,17,710
4. Reserve and other funds	„ 26,66,035
5. Working Capital	„ 2,73,21,721

6. Deposits from :—		
(i) Individuals	Rs.	1,84,10,561
(ii) Societies	"	25,16,966
7. Loans and deposits from Provincial & central banks „	"	10,10,549
8. Amount due for payment during the year	"	1,30,55,303
9. Loans outstanding at the close of the year	"	1,00,89,232
10. Arrears :—		
(i) Authorised	"	22,44,131
(ii) Unauthorised	"	35,66,911
11. Percentage of unauthorised arrears to :—		
(i) Loans due (Serial No. 9)		32.3
(ii) Loans due for repayment		27.3
12. Profits	Rs.	3,20,309
13. Cost of management	"	4,05,972
14. Percentage of cost of management to working capital		1.5
15. No. of Branches		49

While it has been observed above that the constitution of one bank differs from that of another, as a general assertion it will be correct to say that in the mixed type of bank the representatives of societies have as considerable a voice in the management as the representatives of individual shareholders. The model by-laws provide that the board of directors may be composed of 9 persons, 4 of whom are to be elected by delegates of affiliated societies from among themselves and 4 are to be elected by the remaining shareholders. There is provision for the appointment of a nominee of the Collector on the Board, although this provision does not obtain in many of the banks. For every increase in the number of affiliated societies by 50, one additional director has to be appointed from among the delegates of affiliated societies. In view of this provision, in a majority of the banks, societies have larger representation than individuals. Separate representation is granted in some banks to non-agricultural and non-credit societies, but this is not invariably the case. Originally, the elections were held at general meetings once a year. After ten years' experience, however, it was considered desirable to alter this arrangement and provide for election by rotation of only one-third of the directors every year. This device was suggested to ensure some form of continuity in the management. Owing to disputes at elections in some banks elaborate election rules have been drawn up and introduced in several banks. There is no uniform practice with regard to the election of a president or a chairman. Similarly, there is no uniform practice with regard to the appointment of an honorary secretary or a managing director. It was common in the earlier years for almost every bank to have an honorary secretary. Later, the honorary secretary was replaced by a full-time manager and occasionally by a managing director appointed by the board or elected by the general

meeting. Almost all banks have, however, arrangements for entrusting the day-to-day administration to the full time manager.

In some banks, the manager's duties are differentiated from those of the administrative officer who is expected to attend to the field work and to be in charge of inspection. The responsibility for inspection was vested in the banks from the commencement, according to the model by-laws. The by-laws require that the inspection should not be restricted to a simple examination of books and accounts but may include inquiries whether the administration of the societies is carried out in conformity with co-operative principles, whether the officers understand their work in performing their duties and whether the defects pointed out in previous reports have been rectified. The directors have also power to order affiliated societies to convene general meetings of members where the working is unsatisfactory and take steps for the removal of the defects and the adoption of remedial measures.

An affiliated society is, under the constitution of a central bank, bound " (a) to carry on its work according to the rules drawn up for its guidance by the bank and to submit to the bank such statements and reports as may be prescribed, (b) to take the sanction of the bank before taking any loan from outside the taluka in which it is situated, (c) to send delegates to the general meetings of the bank when required and (d) to administer its work in strict conformity with the by-laws of the bank." Each bank has, therefore, an inspecting staff and this staff is controlled by the board either through the manager, senior inspector or the administrative officer referred to above. This inspection is distinct from the supervision carried out by supervising unions. There are supervising unions in the area of operations of each central bank and all central banks place grants at the disposal of the district union boards as contribution towards the expenses of the supervising unions. These contributions are ordinarily on the basis of 4 annas per cent of the loans due by societies to a financing agency. Co-ordination of the work of the supervisors and bank inspectors is secured through the committees of the unions and the district union boards on which the banks are represented and also by interchange of views at periodical field workers' conferences.

A majority of the banks, particularly those that serve the whole of a district, have opened a number of branches with the twofold purpose of establishing closer contact with affiliated societies and developing banking business in local centres of trade and industry. The total number of branches is 49. In addition to the branches, a few banks have opened pay-offices or sub-branches numbering in all about 15, where only some part of the banking business such as advances against agricultural produce or gold and silver or receipts and disbursements of loans to societies is transacted. The practice with regard to the association of advisory or other committees with the work of local branches is not uniform. Some banks have elaborate rules for the appointment of branch committees which prescribe the method of constituting these committees, the powers exercised by them and their relations with the

board of directors at the head office. But the control of the branches is invariably vested in the management of the bank, the ultimate authority being exercised by the board of directors. In a certain number of banks, instead of branch committees, special sub-committees are appointed to which are delegated different functions such as investments, inspection, branch control, etc. As observed above, all the banks, with the exception of a newly started banking union, have full-time managers who are responsible for the day-to-day working of the institutions including the branches. Apart from the inspection staff to which a reference has been made above, all the banks have also a staff of accountants, cashiers, ledger-keepers and other clerks according to their size and the volume of their business operations. In a majority of the banks the staff is either recruited from qualified persons or is asked to undergo special training. The staff is ordinarily appointed and controlled by the board of directors although the members of the staff are responsible to the manager for their daily work. Arrangements for training were made in the initial stages by the Provincial Bank and later on by the Provincial Co-operative Institute which has instituted a special examination suitable for the staff of central financing agencies. These arrangements are proposed to be supplemented by the holding of refresher's training classes by the newly formed Bombay Co-operative Banks' Association in collaboration with the Provincial Co-operative Institute. Many of the banks encourage the members of the staff to go in for the examinations conducted by the Institute of Bankers. Special awards are sanctioned to those passing the examinations.

With the exception of the newly organized banking union, the central banks conduct all types of banking business. They receive deposits in fixed, savings and current accounts from societies, individual members and non-members as well as from local bodies. The Government publish from time to time a list of banks with which local bodies can keep funds and recently they have prescribed the limits—usually twice the owned capital—upto which such funds can be kept by local bodies with particular banks. A majority of the banks conduct inland exchange business with their customers and members in accordance with the provision in their by-laws. A number of banks also undertake the work of purchasing demand bills of exchange from members, although within the restrictions laid down in the by-laws and subject to limits prescribed from time to time. Recently, it has been laid down that central banks should conduct inland exchange business in areas served by urban banks only after entering into mutual arrangements with such banks. This restriction has been imposed on the ground that dealings with individuals being the special province of urban banks, central banks may enter that field only by agreement with the urban banks. A number of the banks possess their own buildings. A few of them have constructed safe-deposit vaults and some have arrangements for the letting out of lockers and cupboards to their members and other customers.

The policy has also been laid down with regard to the grant of loans to individual members against agricultural produce, gold and silver articles or Government securities that such business can be un-

dertaken only by arrangement with the local urban bank. In areas served by urban banks or purchase and sale societies, which would normally handle such business, the minimum limit of advances to an individual is to be fixed by a central bank in excess of the maximum kept by the society. Almost all banks have provision in the by-laws for granting this type of advances. The volume of business differs from bank to bank; in some, such advances form a considerable proportion of the total or aggregate loans and advances of the respective banks. Most of the banks have their own rules for this type of business modelled on the rules of the Provincial Bank. A new set of rules for advances against produce has now been introduced by the Co-operative Department in consultation with the Banks' Association. Recently, central banks have been permitted to create a new class of members who are termed 'nominal members' for the purpose of facilitating the grant of small advances against agricultural produce and valuables to individuals who may be members of affiliated primary societies. One bank is empowered to grant loans to individuals on the mortgage of immoveable property under certain restrictions. A few banks also make investments of their surplus funds on the first mortgage of immoveable property as an authorized investment under Section 20(e) of the Indian Trusts Act. Later, restrictions have been placed on the investment of surplus funds in this manner in view of the danger of such investments leading to a locking up of surplus funds, which, according to sound banking practice, should be held in as liquid a form as possible.

The main business of a central bank is to grant cash credits and loans to affiliated societies or to allow overdrafts against tangible securities. Although the total amount of loans due from individuals is fairly large being Rs. 54,08,840 at the close of the year 1939-40, it is only in the one bank referred to above that the volume of business with individuals is larger than the business with affiliated societies. The bulk of the societies financed are agricultural credit societies although it may be observed that after the depression the proportion of the total resources of banks lent to such societies is on the decline. Practically all banks, following the practice adopted by the Provincial Bank, sanction credits or loans to affiliated societies at the commencement of the agricultural season on the basis of normal credit statements. Such statements are drawn up by societies and are sent up to the banks through the supervising unions which while forwarding the statements communicate their own recommendations. Ordinarily, there is a further scrutiny of the statements by the inspecting staff of the banks. The general policy of finance in different districts is usually decided upon by the banks before the recovery season in consultation with the Assistant Registrars in charge but applications for loans and credits have not to be submitted through these or other officers of the Co-operative Department. Within sanctioned limits societies are free to draw loans without further reference to the directorate. Most banks have, since the period of the agricultural depression, adopted the policy of granting fresh advances against repayments without insisting on full

payment of the stipulated instalments for a particular year or of the overdue loans. This has helped in liquefaction of the frozen loans, and the proportion of repayments to the outstanding loans at the beginning of the year was 61 per cent in the year 1939-40. Moreover, all the banks have agreed to allow special concessions in interest to weak societies in order to enable the latter to grant concessions to members in respect of the accumulated interest outstandings. Some banks have brought down the general level of the rates of interest charged by them, several allow special rebates to societies repaying their dues punctually, while one bank has arrangements for sharing surplus profits with borrowing societies. The charging of penal interest has been abandoned in almost all banks and a majority do not charge compound interest. Some among the banks do not take credit in their profit and loss accounts for interest that is not actually collected. Others make adequate provision against overdue interest.

Advances by way of cash credits and overdrafts or of loans for fixed periods to societies other than for agricultural credit do not constitute an appreciable proportion of the business, except in one or two banks. In these banks, the bulk of such advances are to purchase and sale organizations against agricultural produce. Urban banks too get this type of accommodation. These banks are expected to keep their surplus funds with local central banks from which alone they can borrow. Borrowings from or the placing of deposits with the apex bank or other banking institutions can only be with the permission of the local central financing agency. Of the borrowings from the apex bank mentioned in the table the bulk are against Government securities or fixed deposits with the apex bank itself. It is only one central bank that borrows regularly from the Provincial Bank against co-operative paper.

Varying proportions of the total resources are utilized in loans and advances. Hence the proportion of the working capital invested in Government securities or by way of deposits with the apex or other approved banks also varies. All banks, however, have to maintain adequate fluid resources against their deposit liabilities. Quarterly statements of financial position are submitted to the Registrar and to the Banks' Association, the form of the statement having been enlarged and recast in the year 1940. The basis of the provision to be made remains the same, namely, 60 per cent of the balances held in current account, 50 per cent of the balances held in savings bank account and one-third of the fixed deposits falling due from quarter to quarter. Investments in Government securities, guaranteed cash credits, cash and balances in current accounts with other banks are the usual form in which the fluid resources are held. The general position of the banks in this respect is satisfactory.

The borrowings of the banks are restricted to eight times the paid up share capital, reserve fund and building fund, although banks are permitted to increase their liabilities to ten times provided the additional borrowings are set off by investments for equivalent amounts in Gov-

ernment securities and such securities are deposited with the apex bank. Most of the banks have built up substantial reserve funds and a majority of them have other funds such as dividend equalization or securities depreciation funds. All banks have gradually built up reserves against overdue interest and bad and doubtful debts. Statements of bad and doubtful debts are prepared by the primary societies and usually the banks make suitable provision for such portion of the bad and doubtful debts of affiliated societies as would eventually have to be borne by them. These statements are subject to revision from time to time. The share capital in all banks constitutes a substantial proportion of the working capital. Shares are of various denominations and in some banks there are distinct types of shares for individual members and affiliated societies. The voting rights and the rights in the event of liquidation are, however, the same. Except in one bank, no priority is enjoyed by one type of shareholders over the other in respect of dividends. Nominal members get admission on payment of a small admission fee or by subscribing to one share of a small denomination.

In recent years, the banks have begun to interest themselves in the organisation of arrangements for purchase and sale. This is due to their appreciation of the view that agricultural credit, of the short-term type particularly, should be interlinked to agricultural supply and marketing. Every encouragement is, therefore, given to arrangements which enable affiliated societies to grant crop loans, making advances in kind and getting repayments by the sale of produce through some joint organization. Several of the banks, therefore, assist in the promotion of schemes for the starting of purchase and sale societies at central market places. Some of them have also opened sale shops where they undertake the work of purchase and sale on a commission basis. A few banks have further interested themselves in the formation of multi-purpose co-operative societies and their systematic financing. One bank has undertaken the work of the supply of approved varieties of cotton seed by arrangement with the Indian Central Cotton Committee. On the whole it may be observed that the management of the banks is both efficient and progressive. Two central banks which were financially weak had unfortunately to be taken into liquidation. This step was taken in 1938 after various attempts had been made to reorganise their affairs.

The Bombay Provincial Banking Enquiry Committee recommended in 1930 the organization of a co-ordinating agency for central financing agencies to provide unification in financial matters. The Committee recommended that the agency should look into all important matters, particularly the training of the staff, its adequacy and efficiency, the borrowing and lending rates of the banks, mutual arrangements regarding exchange business, the maintenance of fluid resources, inspection of central financing agencies and matters of common interest. It was the Committee's suggestion that such an organization should be in a position to give expert banking advice and to see that such advice was followed. This recommendation

was reiterated in the Joint Reorganization Report submitted to Government in 1937 and two years later a co-ordinating agency was brought into existence. This body which is called 'The Bombay Co-operative Banks' Association' consists of all central financing agencies including the Provincial Bank and the Provincial Land Mortgage Bank and also non-agricultural societies with a share capital of Rs. 10,000 and over which conduct banking business. The constitution of the Association provides for the setting up of two boards of representatives, one for central financing agencies and the other for urban banks. There is, however, provision for joint sittings of the two boards and also for a common executive committee. At the close of the second year, the Association had as its members 10 central financing agencies and 24 urban banks. Various questions of general interest affecting the financial side of the movement have been considered by the Association and suitable recommendations made to the Registrar and to Government. The Registrar has also consulted the Association on a number of important questions of policy.

C. PROVINCIAL CO-OPERATIVE BANK

The Bombay Central Co-operative Bank was registered on 11th October 1911 as an urban co-operative credit society under the Government of India Act X of 1904. The Bank commenced operations by taking over the loans allowed to societies in various districts by the Bombay Urban Co-operative Credit Society and also the Takavi loans of Government (under the Agriculturists' Loans Act) in a group of 29 villages in the Nira Canal tract. The area of operations of the Bank extended all over the Presidency proper; Sind which then had a separate Co-operative Department was not included within its jurisdiction. Soon after it was brought into existence attempts were made to start district central banks; and some of the urban societies such as those at Surat, Broach and Ahmednagar, were gradually transformed into central banks for their respective districts. The desire of various districts to have local banks of their own got a stimulus as a consequence of the recommendations of the Maclagan Committee on Co-operation in India, and more local banks came to be started on the lines laid down by that Committee. At the same time, the Bombay Central Bank utilized as its responsible local agencies the guaranteeing unions of primary societies which too came into existence in response to the recommendations of the Maclagan Committee. It was not until 1920 that the policy was laid down that there should be only one financing agency in any one tract and steps were taken thereafter to prevent overlapping of operations and to delimit the sphere of influence of the Bombay Central Bank in its direct relations with primary agricultural societies. The Bank's business in areas served by District Central Banks was transferred to these banks wherever the latter agreed to take it over. In harmony with the change in its status the name of the Bank was altered to the 'Bombay Provincial Co-operative Bank' in 1924, to denote that the Bank's primary function would be to serve as an apex bank balancing the surpluses and deficiencies in

the resources of its affiliated banks. Nevertheless, the Bank continues to have direct relations with primary societies in a few districts where its business with them has not yet been taken over by the central banks for various reasons, either because the areas are very backward or the frozen amounts locked up are very large or local banks cannot be organized to take over the operations. The Bank has recently investigated the possibility of converting some of the branches into banking unions as recommended in the Joint Reorganisation Report submitted to the Government of Bombay in 1937.

From the outset it was realized that where the Bank transacted business on any considerable scale, it should establish some link with societies in the area by opening a branch. After 1920 the Bank definitely came to the conclusion that in districts where it had to continue business relations with primary agricultural credit societies, it should establish branches so as to be in close and constant touch with the societies and their members. The number of branches at present is 29. The increase in the number of branches indicates not so much the expansion of business as the extension of facilities to outlying rural centres where there are compact groups of societies. The Bank has no direct business relations with primary societies in the whole of the Karnatak and in the districts of East Khandesh, Surat and Broach (excluding the Panch Mahals division). In some districts arrangements are made at the request of the local societies and the branch committees for the receipt of repayments and disbursement of loans in central villages. The number of such approved sub-branches is five. Attached to each branch is a branch committee which is entrusted with various duties and powers including the power to sanction loans and credits to societies subject to certain restrictions.

At the outset, the entire body of the Bank's members were individuals with the single exception of the Nagar Central Bank. Before long, however, the Directors appreciated the desirability of getting co-operative societies to become members, and special facilities were provided for the purchase of shares from existing share-holders for societies which were anxious to become members. Since 1925, with the enactment of the Bombay Co-operative Societies Act VII of 1925, it has been made obligatory for all borrowing societies to become members and at present out of a total of 3,401 members, 2,060 are co-operative societies. The share-holding of co-operative societies, including central and urban banks, amounts to Rs. 6,92,600 out of a total of Rs. 12,99,850. Although the original by-laws allowed voting to be based on the number of shares held, under the law now in force in Bombay every member, whatever his holding, exercises only one vote. In the original Board of Directors there were included two directors connected with rural interests, one of them a chairman of an agricultural credit society on the Nira Canal. Later on, representative co-operators from various parts of the Province were taken on the Board, and in 1920 it was decided that central banks should be represented

on the Board by four directors. In 1924, it was further decided that this representation should be by election by the interest concerned and that in addition there should be two representatives of agricultural societies financed by the Bank and one of urban societies financed by it. This scheme underwent a slight modification in 1932. There is a Board of fifteen members at present (including the Managing Director) of whom three represent central banks, two urban banks, three agricultural societies (the election being conducted through the branch committees) and seven individual shareholders elected at the general meeting.

That the Bank has been able to serve as a balancing centre for the co-operative movement in the Province is evident from the fact that out of a total sum of Rs. 2,04,81,088 held by it as deposits, so large a portion as Rs. 1,05,72,752 is received from co-operative institutions, mainly central and urban banks. On the fixed deposits of co-operative institutions a slightly higher rate of interest is offered than to individuals. That rate, it may be observed, is regulated from time to time according to the conditions of the money market, but is, however, the same as is quoted by the best banks in Bombay on their fixed deposits. Another important class of depositors are public bodies—local boards, municipalities and school boards—which deposit substantial sums with branches of the Bank. Deposits from these can be accepted without limit as to the amount, in accordance with Government Resolution No. 140-A of 3rd August 1938. The Bank had until 1928 cash credit arrangements with the Imperial Bank of India against co-operative paper but those were stopped in that year as the legal advisers of the Imperial Bank of India held that that Bank would not have adequate security for its lendings in virtue of the terms of the debenture trust deed of the Bank. The Government were approached in the matter and it has been decided that as cover against the floating charge to the debenture holders, the Bank should deposit with the Finance Secretary to the Government of Bombay, securities equivalent in value to the amount of the debentures issued by the Bank. This deposit of securities had now been made. The Bank has cash credit arrangements with the Reserve Bank of India, the Imperial Bank of India and the Bank of India, Ltd., against Government securities. In addition, it obtains call deposits or loans from scheduled banks at current rates of interest. Arrangements for securing accommodation from the Reserve Bank of India against co-operative paper as provided in the Reserve Bank of India Act are under negotiation.

The Government of Bombay have authorised the Bank to raise debentures to the extent of Rs. 20,00,000 on which interest is guaranteed by the Secretary of State for India in Council until the debentures are redeemed. The debentures bear interest at 4 per cent and have a maturity of 28 to 41 years. A sinking fund has been built up at the rate of one to two per cent on the amount outstanding by way of debentures, the contribution varying according to the

average rate charged by the Bank on its lendings. This fund is invested separately in approved trustee securities and is held in the names of the Trustees. Debentures to the extent of Rs. 7,80,000 were sold before 1915, but after the outbreak of the War and the subsequent rise that took place in rates of interest in the money market it was not found possible to place any more debentures on the market. In 1926 when proposals for the creation of a land mortgage organization were placed before Government they called upon the Bank to function temporarily as a central land mortgage bank for financing the operations by raising additional debentures. Government themselves agreed to subscribe to debentures of the value of Rs. 5 lakhs. Debentures of the value of Rs. 2 lakhs were taken up by Government but the remaining debentures for Rs. 3 lakhs were sold to private parties and co-operative institutions, as in 1932-33 Government expressed their inability to invest in the debentures at the rate at which the Bank was able to market them elsewhere. Government have still under consideration the question of reimbursing the Bank for the loss incurred on the creation of the land mortgage department on the submission of the particulars of the financial position of the land mortgage department after the loan adjustments of the three primary land mortgage banks have been completed.

At the request of Government, the Bank agreed in 1922 to serve as an agency for the distribution of loans under the Land Improvement Loans Act. The Bank agreed to charge only a margin of $\frac{1}{4}$ per cent. for its management expenses in the case of advances to central banks and $\frac{1}{2}$ per cent in the case of loans to primary societies. Under the Rules, loans were sanctioned jointly by the Bank and the Registrar and preference was given to co-operative schemes. The total allotments drawn from Government were Rs. 9,80,300 but these allotments have been stopped since 1936. Of the sums borrowed from Government, the amount now payable to Government is Rs. 23,000 against which Rs. 56,430 is outstanding from societies and central banks, excluding outstandings from societies and banks in liquidation.

The original by-laws of the Bank provided for its interesting itself in the work of selling on commission agricultural produce on behalf of members of societies and supplying to them agricultural requisites such as manures, fertilizers and improved implements. The Bank's experience of this work led it to organize shops for marketing and supply at various centres. The shops at all the centres after having worked successfully for a number of years have been transferred to newly registered co-operative purchase and sale unions or societies, there remaining with the Bank only one shop at Akluj. As a part of the programme of marketing organization, shops were opened in the season of 1940-41 at some half a dozen centres. Through the shops efforts have been made to introduce new varieties of seeds, manures, fertilizers and implements including power driven cane-crushing plants. At those shops it became necessary for the Bank to make advances against agricultural produce pending sale or delivery or against requisites sent

for disposal on consignment account and the by-laws of the Bank were modified to permit this being done.

For the convenience of members of societies special arrangements have been devised, in consultation with the Registrar, to grant advances to such members on the security of their gold and silver ornaments. The procedure of applying through societies and producing certificates from office-bearers was felt as irksome by members. To meet these difficulties, the bylaws of the Bank were suitably amended to facilitate such operations. A new type of B class members, drawn from persons who are members of affiliated societies, has been created to whom advances against agricultural produce and goods can be made by the Bank direct. The number of such members is at present 69. Advances against valuables can also be made to members of the Bank itself. Accommodation on the security of manufactured industrial products or raw materials can be allowed to industrial co-operative societies and assistance can be given in the purchase of raw materials or the sale of finished products. At present financial assistance of this type is granted to various district co-operative industrial associations.

All the district central banks in the province are affiliated to the Provincial Bank although at present only one bank borrows from it against co-operative paper. All the affiliated banks use the Provincial Bank as their balancing centre and overdraft accommodation is allowed to them against Government securities or fixed deposits on special terms. Similar facilities are allowed to urban banks which wish to carry on inland exchange banking operations with Bombay. Thus the Provincial Bank indirectly provides fluid resources for the movement as a whole. The Bank also functions as a clearing house for the affiliated banks all over the Province and special arrangements have been devised for the discounting and collection of cheques drawn on co-operative banks. Through the medium of current accounts at the Bank, co-operative banks in various centres are able to conduct a fairly substantial volume of remittance business arranging for the transfer of funds from one centre to another. Recently, the Bank has entered into arrangements with the Bankers' Clearing House for the clearing, through its agency, of cheques drawn on 11 approved co-operative banks in the City. The Bank was admitted to the membership of the Clearing House in the year 1930 and is among the leading members in respect of the number of cheques cleared through its agency.

Of the total working capital of the Bank, amounting to Rs. 2,57,48,200 at the close of the year 1941, investments in Government and other authorized securities amounted to Rs. 73,30,000. Short term deposits are kept with joint stock banks and other Provincial Co-operative Banks approved for the purpose by Government. The provision of liquid resources is much in excess of the figure of 40 per cent of liabilities at call prescribed by the Agreement with Government, and ordinarily the Bank has always been troubled with the problem of idle balance for which it cannot find suitable employment within the co-operative movement. The amount of advances including the sums

involved in overdrafts and cash credits to banks and loans against produce and valuables was Rs. 74,20,176. The bulk of the advances are to affiliated primary agricultural societies which number 1,283. It may be noted here that while the standard of repayments was high prior to 1920—except since 1927 in the Deccan Canal areas—with the fall that occurred in commodity prices the volume of overdue loans has grown considerably. In spite of the best efforts on the part of the Bank the percentage of overdues still remains high. In the Canal areas there was a heavy fall in the price of gur (raw sugar) in 1927, and this combined with a few local factors brought about a very difficult situation even earlier.

There is a special group of societies intended for the aboriginal community of Bhils in the Panch Mahals and a Supervising Officer working under the Co-operative Department attends to their supervision and control. Similar arrangements have been made for co-operative societies for Bhils in certain parts of the West Khandesh District. In all other areas the Bank has its own staff for inspection, the total strength of the inspecting staff being 46. Branches in different districts are grouped together conveniently in seven circles and one Senior Inspector is placed in charge of each circle. Both the Managing Director and the Manager visit branches and important groups of societies. They or the Directors of the Bank also attend the general meetings held once a year at branches at which are considered reports of working and matters of common interest.

Various measures have been taken by the Bank within the limits of its own capacity to meet the situation created by the depression. One of the most prominent of these is the adoption of a policy of reviving and continuing the business of societies even with growing overdues by the promise of fresh finance upto the limit of repayments. During the last few years, special steps have been taken for the rectification of the mismanaged or defaulting societies. With the deterioration of the agrarian situation, a number of weak societies have had to be taken into liquidation. At present, the number of societies in liquidation, which have outstanding loans payable to the Bank, is 197, and the amount payable by them is Rs. 20,88,481. To expedite the process of liquidation, which was very dilatory, Government have approved of the appointment of the Bank as liquidator. The work is distributed by the Bank among its inspecting staff.

In the year 1936, the rate of interest for first class primary agricultural societies was reduced to 6 per cent the maximum interest charged being 7 per cent. In addition, the Bank has fallen in with the scheme adumbrated by the Registrar from time to time to permit societies to give a special rebate to their members. Owing to the peculiar condition of canal societies the rate of interest for old outstandings was substantially reduced in the year 1935 with a further reduction, extending to full remission of interest, on a graduated scale based on repayments. The percentage of repayments necessary for eligibility for further rebate in the case of weak canal societies was so brought down

that with payment of full interest at the ordinary rate the society could obtain full remission of interest, the repayment having then to be adjusted to principal account. Similar concessions have now been allowed to weak and stagnant societies in other areas. Reduction in the rate of interest to financially weak societies is also considered on the merits of individual cases. Rebate in interest on long term loans to the extent of 14 to 16 per cent is also allowed.

The Bank's agreement with Government prescribes that after the Bank has paid to its shareholders a dividend at the rate of 6 per cent. the surplus profits, if any, have to be shared at the end of every three years equally between the members and borrowing societies. Contributions to the reserve fund too are to rank as payment to shareholders. The borrowing societies get a rebate out of the share of the profits on the basis of interest paid by them to the Bank. Since the formation of the Bank up to the year 1930 rebates amounting in the aggregate to Rs. 1,87,900 were allowed to borrowing societies having been equivalent in some trienniums to a reduction by over one-half per cent in the rate of interest. With the reduction in the rate of dividend below 6 per cent the triennial rebates payable under the agreement were discontinued but the Bank paid instead special rebates to deserving borrowing societies amounting to Rs. 46,547 including Rs. 10,000 paid on the occasion of the Bank's Silver Jubilee. It further granted by way of encouragement to well-managed societies rewards in kind valued at Rs. 2,300 approximately. The rate of dividend paid by the Bank, which was 6 per cent since the commencement and slightly higher for 10 years, had to be brought down to 3 per cent. The reasons for the reduction are: (1) accumulation of surplus balances for which remunerative investment could not be secured; (2) increased provision against doubtful debts; (3) growth of unpaid interest, necessitating provision against the same out of the profits; (4) loss of interest on balances due from societies in liquidation; (5) increased provision for remitting or reducing the interest charged.

The Bank completed 25 years of its working on 11th October 1936. To mark the occasion in a suitable manner, a special jubilee bonus was paid to members as a further dividend at 1 per cent per annum in addition to the ordinary dividend paid at 5 per cent and special silver jubilee rebate to societies and special silver jubilee bonus to the staff were given.

A body called the Bombay Co-operative Banks' Association was started in the year 1939 and the Bank is actively associated with its working. The Bank also took a prominent part in the formation of the Indian Provincial Co-operative Banks' Association of which it continues to be a member.

D. LAND MORTGAGE BANKS

It is now universally admitted that agricultural co-operative credit societies with their unlimited liability and their central financing agencies with their slender long-term resources are not suited to provide

for the long-term needs of agriculture. These institutions now progressively, and rightly, restrict their operations to the provision of short term and intermediate loans to agriculturists and leave the provision of long-term loans to land mortgage banks which are specially designed to do that work. Thus in the co-operative structure of agricultural finance in Bombay Province, land mortgage banks have now a definite place assigned to them.

The subject of the formation of land mortgage banks was first considered at the Gujarat Divisional Co-operative Conference held in April 1923. In 1926, J. A. Madan, Esquire, C.I.E., I.C.S., the then Registrar of Co-operative Societies, submitted to Government a scheme for the institution of land mortgage banks. Subsequently Government approved of the registration of three land mortgage banks as an experimental measure. One of these banks was registered at Dharwar and the second at Broach in the year 1929. Both these banks had an area of operation co-terminous with a revenue district. The third bank was started at Pachora in East Khendesh district and had its area of operations restricted to one taluka.

The membership of these experimental banks was restricted to borrowers only, but intending borrowers were permitted to be enrolled as members. The Board of Directors of the banks, however, included (1) a nominee of the Registrar, (2) a nominee of the Bombay Provincial Co-operative Bank, and (3) a person elected by the debenture holders residing within the area of operations of the bank. The functions of the Board were advisory and were confined to recommending of loans which were finally sanctioned by the Bombay Provincial Co-operative Bank and the Registrar. The limit of the individual loan was fixed at Rs. 10,000.

The experimental banks were financed by the Bombay Provincial Co-operative Bank, out of funds raised by the issue of debentures. Government purchased the debentures of the bank to the extent of Rs. 2 lakhs. Government also defrayed, for one year, the cost of employment of a land valuation officer employed under each of the three banks.

The period which followed the organisation of these experimental banks was one of severe economic depression. The persistent fall in the prices of agricultural produce reduced the net profits of agriculture and increased the burden of agricultural debts. The demand for long-term loans, both for redemption of old debts and for land improvements, increased in volume and intensity and in 1933 Government appointed a Committee to examine the question of development of land mortgage banking primarily with a view to relieve agricultural indebtedness. The report of that Committee which was presided over by K. L. Punjabi, Esquire, I.C.S., the then Registrar of Co-operative Societies, Bombay Province, Poona, emphasised the necessity for the organisation of a Central Land Mortgage Bank for the province and recommended the extension of the land mortgage bank movement on well-defined lines.

As a result of the recommendations of the Land Mortgage Committee, Government permitted the registration of 10 primary banks in the year 1935. Of these, 3 were in Karnatak division, 3 in Maharashtra division, 2 in Khandesh division and 2 in Gujarat division. Only such of the areas as were generally immune from famine and scarcity were selected for the establishment of these new primary banks. Government also permitted, in the year 1935, the registration of the Bombay Provincial Co-operative Land Mortgage Bank. The bank was formally opened by His Excellency the Governor of Bombay on 15th January 1936 and was fortunate in having, as its first President, the late Sir Lallubhai Samaldas, one of the eminent founders of the Bombay Provincial Co-operative Bank.

Recently, with the initiation of debt relief legislation in the Province, the need for an increase in the number of primary land mortgage banks was felt and four more banks were allowed to be established. Of these, two were in Dharwar district in the Karnatak division and two in Thana and Kolaba districts of the Konkan division. Thus, at the end of June 1940, there were, in Bombay Province, 17 primary banks, of which 14 were started under the new scheme and 3 under the old scheme. The banks started under the old scheme have now adopted the new model by-laws and their existing liabilities to the Bombay Provincial Co-operative Bank are being gradually transferred to the Bombay Provincial Co-operative Land Mortgage Bank.

Membership in a primary bank in Bombay Province is of two classes, viz., A & B. Both borrowing and non-borrowing members fall in class A. An applicant for membership is required to state in his application as to whether he intends to join as a borrowing member or as a non-borrowing member. A borrowing member may be admitted to membership on his paying the full face value of at least one share of Rs. 5, while a non-borrowing member is required to subscribe for and pay the full face value of at least 10 shares of Rs. 5 each, before he can exercise the rights of a member. Again borrowing and non-borrowing members form separate constituencies for the election of the Board of Directors. Membership of class B is intended for co-partners and carries no right of vote or participation in management. A 'B' class member pays a small entrance fee or nominal share capital not exceeding Re. 1 in each case.

The objects of a primary bank as embodied in the by-laws are as under:—

" (a) to promote the economic interests of its members and more particularly to advance long-term loans to its members on the security of mortgage of immoveable property for—(i) the redemption of mortgaged lands and houses and liquidation of old debts of agriculturists; (ii) the improvement of agricultural land and for adopting improved methods of cultivation; (iii) the installation or purchase of costly agricultural plant and machinery; and (iv) the purchase of land for the purpose of improvement or more economic cultivation of the

existing holding or for bringing under cultivation cultivable waste, forest or fallow lands; and (b) to encourage in the members the spirit and practice of thrift, self-help and mutual aid in such ways as may be practicable from time to time."

The borrowing capacity of a primary bank is limited to 20 times its paid-up share capital plus the reserve fund and to the total amount of loans outstanding against the security of mortgages given by the bank. The bank has to restrict its borrowings to the Bombay Provincial Co-operative Land Mortgage Bank. The bank is prohibited from raising loans or deposits from other sources except with the previous sanction of the Bombay Provincial Co-operative Land Mortgage Bank.

The Board of Directors of a primary bank consists of persons not exceeding seven. Two of these are elected by 'A' class borrowing members who are indebted to the bank. The 'A' class non-borrowing members elect one director, if their number is less than 50, or two directors if their number is 50 or more. One director is nominated by the Registrar, another by the Bombay Provincial Co-operative Land Mortgage Bank, and the third by the central financing agency operating in the area of the bank. Again, for the purpose of election of the representatives of borrowing members, the area of operations of the bank is divided into two regional constituencies and a member resident in each such constituency is elected on the Board. This constitution of the Board is so designed as to prevent the representatives of borrowing members from acquiring a predominant voice in the management of the bank. It is an important safeguard against the danger of slackness in management.

The by-laws of a primary bank provide that the first Board of Directors shall be nominated by the Registrar, and that it shall hold office for a period not exceeding three years at the discretion of the Registrar. This provision is perhaps intended to ensure a sound beginning for every newly registered bank.

The Board of Directors of a primary bank are authorised to make rules, subject to the approval of the Registrar, for the initial and periodical estimation of the market value and yielding capacity of lands offered in mortgage, for the investigation of legal title to such lands, for the recovery of valuation and other fees and for the conduct of the business of the bank. Model rules relating to these matters have been framed by the Co-operative Department and they are adopted by every primary bank with such modifications as are necessitated by its peculiar local conditions. The Board of a primary bank are also authorised to institute, with the approval of the Bombay Provincial Co-operative Land Mortgage Bank and the Registrar, a Board of Conciliators for the amicable settlement of debts for the redemption whereof loans are advanced. These boards of conciliators have no powers to enforce the production of account books and debt documents

or the attendance of creditors, and their efficiency varies in direct proportion to the influence, status and powers of persuasion of their members. Other important functions of the Board are to consider and recommend applications for loans and for extensions, to recover the loans and to enquire into and take action in cases of default and to supervise the utilisation of the loans.

The principal paid staff of a primary bank consists of a manager and a land valuation officer. In the initial stages of a primary bank, whose loan operations are below Rs. 2 lakhs, the land valuation officer generally discharges the duties of the manager and is given the assistance of one or two clerks. The manager is appointed by the chairman of the Board with the previous approval of the Registrar, and is responsible for the executive administration of the bank. The land valuation officer is a Government servant whose services are loaned to the bank by the Registrar. All expenditure on his pay and travelling allowance is borne by the bank. In the first 3 years, however, every newly registered primary bank is given by Government a subsidy of Rs. 500 for meeting the cost of its land valuation officer. The land valuation officer inspects the lands offered as security for loans, appraises the market value of such lands, assesses the repaying capacity of the prospective borrowers and makes a *prima facie* examination of the legal title. He also assists the bank in regard to recovery of loan instalments.

Loans are given to members only for the specific purposes mentioned above and for periods not exceeding 20 years. The Board of Directors of a primary bank, with their intimate knowledge of local conditions, recommend each loan, which is finally sanctioned by the executive committee of the Bombay Provincial Co-operative Land Mortgage Bank. Every application for a loan in excess of Rs. 1,000 is required to be scrutinised and recommended by the Assistant Registrar, Land Mortgage Banks. Applications for loans in excess of Rs. 5,000 each are also scrutinized and recommended by divisional Assistant Registrars, before they are sanctioned by the Bombay Provincial Co-operative Land Mortgage Bank. Every loan is secured on the first mortgage, with possession, of immoveable property, viz., cultivable land, the value whereof is not less than twice the amount of the loan. The applicant's title to the lands proposed for mortgage is required to be certified by the legal adviser of the primary bank before a loan is sanctioned. Applications for loans for improvement of land or installation of agricultural plant or machinery are forwarded to experts and loans are sanctioned only if the estimates regarding the cost and the profitability of the proposed improvements are certified. The maximum amount of loan sanctioned to any one member is limited to Rs. 10,000 though the by-laws provide that loans in excess of Rs. 10,000 can be granted in special cases with the previous approval of the Registrar. The various precautions which are observed in the grant of loans are intended to ensure healthy development of the banks,

The rate at which a primary bank lends funds was 6 per cent per annum until last year. After the outbreak of the war, this rate was increased to 6½ per cent per annum on account of a corresponding increase in the lending rate of the Bombay Provincial Co-operative Land Mortgage Bank. The rate of interest, however, chargeable on loans for land improvement continues to be 6 per cent per annum. Out of the profits of a primary bank, at least 50 per cent are required to be credited to the Reserve Fund. Out of the balance, dividend at a rate not exceeding 6¼ per cent per annum can be paid to shareholders.

At the end of June 1940, the 17 primary land mortgage banks in the province had 4,315 'A' class borrowing and 831 'A' class non-borrowing members. The paid-up share capital held from borrowing members was Rs. 1,68,405 and that held from non-borrowing members was Rs. 1,25,855. The outstandings from members amounted to Rs. 27,00,025. The overdues amounted to Rs. 78,500 against principal and Rs. 50,061 against interest. Two of the three old experimental banks, which were started in the pre-depression period, were generally responsible for heavy overdues. Excluding the 4 banks which were registered during the last two years, all except 3 worked at a profit during the year 1939-40.

The main functions of the Bombay Provincial Co-operative Land Mortgage Bank, which is a central financing agency for the provision of long-term agricultural credit, are to finance primary banks in the province and to inspect and supervise their working. The bank has been authorised to raise long-term funds by the issue of debentures, on terms and conditions approved by Government. The debentures are floated on the security of the assets of the bank and of mortgages of immovable property assigned to the bank by primary banks.

The membership of the bank is open to individuals, co-operative societies and primary land mortgage banks in Bombay Province. At the close of the year 1939-40, 592 individuals, 96 co-operative societies and 16 primary banks were members of the bank, the total paid up share capital held by them being Rs. 4,46,300.

The bank has so far floated two series of debentures, and both have been fully subscribed. The first series of debentures to the extent of Rs. 20 lakhs was floated in the year 1938. It was for 20 to 25 years and carried interest at a rate of 3¼ per cent per annum, payable every six months. The second series of debentures to the extent of Rs. 10 lakhs was issued in the year 1940. It was for 10 to 15 years and carried interest at 3½ per cent per annum. As the issue price of the debentures of the second series was fixed at 98½ per cent, the response from investors was great and the list had to be closed long before the prescribed date. All the debentures so far issued by the bank have been guaranteed by Government both in respect of principal and interest and rank as trustee securities.

Government have appointed S. M. Ikram, Esq., I.C.S., Registrar, Co-operative Societies, Bombay Province, as a sole trustee for debenture holders. The Bank has executed a debenture trust deed for each series of debentures giving specific and important rights to Government. The Trustee exercises control over the bank with a view to ensure that the bank fulfils its obligations to the debenture-holders.

In addition to the statutory reserve fund which is built up out of profits for meeting unforeseen losses, the Bank maintains, for every series of debentures, a separate sinking fund for the purpose of providing for the repayment or redemption of debentures on maturity. The maintenance of the sinking fund constitutes an important and valuable safeguard from the point of view of investors and Government, who are guarantors of debentures.

The management of the bank vests in a Board consisting of 15 directors. Five of these are elected by primary banks grouped in regional constituencies. Six are elected by members other than primary banks. The Registrar is an ex-officio director of the Bank. One director is nominated by the Bombay Provincial Co-operative Bank, and two by the Registrar, from among the share-holders, with the approval of Government. As there are three nominees of Government on the Board, Government are in a position to influence the policy of the bank.

For administrative convenience certain duties and functions of the Board are delegated to an Executive Committee consisting of not more than 7 members. The Registrar is an ex-officio member of the Executive Committee and one of the directors, nominated by the Registrar with the approval of Government, is also required to be elected on the Executive Committee. The paid staff of the bank at present consists of a manager, an accountant, an assistant accountant, a cashier and 3 clerks. Subject to the control of the President, the manager is responsible for the executive administration of the bank.

The loan operations of the bank stood at the close of the year 1938-39 at Rs. 19,25,958. During the year 1939-40, 443 loans amounting to Rs. 6,07,450 were advanced by the bank to primary banks. The classification of these loans according to their size and objects is as under:—

	Number	Amount Rs.
Loans below Rs. 500	69	30,625
Loans between Rs. 501 and Rs. 1,000	176	1,41,450
Do. Rs. 1,001 and Rs. 2,000	124	1,82,325
Do. Rs. 2,001 and Rs. 5,000	68	2,05,250
Do. Rs. 5,001 and Rs. 10,000	6	47,800

<i>Objects</i>	<i>Number of loans.</i>	<i>Amount of loans</i>
		<i>Rs.</i>
Redemption of old debts	428	5,92,250
Purchase of lands	4	6,500
Land improvement	8	6,900
Joint purposes i.e., debt redemption and land improvement	3	1,800
Total	443	6,07,450

The bank now recovers its dues in annual equated instalments. The amounts due from primary banks during the year were Rs. 1,25,626 against principal and Rs. 98,819 against interest. The primary banks paid during the year 1939-40 Rs. 97,402 against principal and Rs. 96,971 against interest. A further sum of Rs. 37,217 was paid by primary banks towards repayment of future instalments. The overdues at the close of the year stood at Rs. 28,224 against principal and Rs. 1,848 against interest, and outstandings from primary banks at Rs. 23,60,385. The Bank is alive to the dangers incidental to the growth of overdues and is doing all in its power to avoid such growth. The problems confronting the land mortgage bank movement in the Bombay Province are many and varied. Some of these were discussed at the first Land Mortgage Banks Conference held at Bombay in March 1940.

E. URBAN CREDIT SOCIETIES

As in the villages, so in the urban areas and the cities, the artisan class and the mercantile class need all the help that co-operation can give them. The Co-operative Act of 1904 did not provide for that class, but the later legislation of 1912 and the MacLagan Committee visualised the potentialities of developing urban co-operation with the result that after 1915 urban credit societies came into being.

These societies are organised mainly with the aims of (1) providing finance at a cheaper rate and with less difficulties to their members for developing trade and industry, (2) providing suitable markets for the disposal of goods manufactured by their members and thus assist in the development of the internal trade, and (3) redeeming the members from their debts.

They are organised on the basis of (1) homogeneity of occupation, i.e., salary earners' societies (2) communalism, i.e., societies organised on the basis of caste or religion and (3) regional grounds, i.e., societies for a particular area. The salary earners' societies have been generally organised on the occupational basis, the members being employees in the same firm or Government office. The strength of these societies lies in the absence of communal jealousies and factions, in the higher level of culture and literacy of the members and the spirit of discipline that prevails among them. They provide for compulsory

monthly subscriptions from members, which inculcate the habit of saving, which is very essential and useful to the salaried class.

In the Bombay Presidency, on 30th June 1939, non-agricultural credit societies numbered 685, with a total working capital of Rs. 6,03,14,947, and a membership of 59,938; a reserve fund of about Rs. 34 lakhs and a share capital of about Rs. 29 lakhs. Out of these, salary earners' societies number 351.

Societies on communal grounds number about 94, but as their area of operation is generally very extensive, they cannot show good progress and are languishing with very heavy arrears. The Shamrao Vithal Co-operative Bank, The Daxini Brahmins' Co-operative Urban Bank, The Islamic Co-operative Bank and the like in Bombay and the Gujarat Brahma Khatriya Urban Co-operative Bank in Broach come under this class. Such societies should not be encouraged, as they very often favour nepotism, which results in the degeneration of the societies.

The regional type of societies are organised for a particular area, and any person residing in that area or doing business in that area becomes entitled to the membership and enjoy the rights and privileges. These institutions are carrying on their work with great success and are the pride of eminent co-operators. In the Bombay Presidency, these urban banks number about 75. In Gujarat, on 30th June 1940, urban banks numbered 13, with a total working capital of about Rs. 45,10,640 and a membership of 6,072. The paid up share capital of these urban banks amounted to Rs. 5,49,275 and the reserve fund to Rs. 4,33,070. As per Government Resolution No. 7363/33 dated 13th May 1939 all urban credit societies, in the Bombay Presidency, which have a paid-up share capital of more than Rs. 10,000 are to be classed and termed as banks.

CONSUMERS' STORES

The Co-operative Credit Societies Act No. X of 1904 did not recognise the formation of co-operative stores, and it was the new Co-operative Societies Act of 1912 that gave place to consumers' stores in Co-operation. Indian non-official workers, intent upon serving the people with a view to better their economic condition, first organised on the Rochdale plan with the same ideals and fine methods as those of the equitable Pioneers, a co-operative stores.

In the Bombay Presidency, on 30th June 1939 co-operative stores numbered 25, prominent among them being the Bombay Baroda and Central India Railway Co-operative Stores, with its share capital of Rs. 17,719, total purchases of Rs. 1,07,303, total sales of Rs. 1,19,293 and the earned profit of Rs. 2,207. Another stores that deserves mention is the Gujarati Ladies' Co-operative Stores in Bombay which confines its activities mainly to the purchase and sale of khaddar under the aegis of the All-India Spinners' Association. It also effects sale

of pure ghee, which is a speciality of the society. Its turnover for the year 1938-39 amounted to Rs. 32,913, and the profit made by it amounted to Rs. 103. Besides these two, we have also other stores in the Presidency, as the Page Stores at Dohad and the South Indian Co-operative Consumers' Societies in Bombay and Poona. But on the whole, the working of the store movement, so far as Bombay Presidency is concerned, is not very satisfactory and up to the mark.

The main obstacles in the path of successful working of the store movement is the lack of good, efficient and sincere workers, loyalty of members, and the greater proportion of credit sales. In rural areas, we have now the organisation of village multi-purpose societies, which with the work of linking up of credit with marketing will also undertake the work of supplying domestic requirements.

PURCHASE AND SALE SOCIETIES

A. COTTON SALE SOCIETIES

Though Bombay has made considerable progress in organising sale societies of various types, its main contribution to the co-operative movement in India still remains its cotton sale societies. Cotton sale societies of Gujarat and Karnatak have achieved countrywide reputation for their successful working in this difficult branch of co-operation and a short review of their history and working may be of special interest to co-operators.

The pioneer society in Gujarat was founded in Sonsek village, Olpad taluka, Surat District, where 13 agriculturists under the leadership of Mr. P. I. Patel combined to sell their cotton jointly in 1919 and are said to have realised Rs. 50 more per bhar (12 Bengali maunds) than those who sold individually their *kapas* to ginneries. It was in 1921 when membership rose to 127 and the value of cotton sold exceeded Rs. 1 lakh giving profit of Rs. 18,000 that the society was registered as a co-operative sale society. Its popularity and transactions increased year by year and it served as an inspiration for the formation of similar societies at other centres. Later on eight more societies were organised in Olpad and Chorashi talukas of Surat district. In order to counteract the discriminating charges levied by the local ginneries on the *kapas* brought for ginning by the sale societies which affected the trade of the ginneries in many ways, a ginning factory was set up in 1925 by the Sonsek society in combination with other societies in the vicinity named after Purshottam Patel, the Sonsek pioneer. The ginning factory has been able to bring down the charges of ginning almost to half and still to lay by enough for Reserve Fund and Depreciation and pay dividend on capital and bonus to members according to cotton ginned. The society ginned 1,33,128 maunds of cotton and earned ginning charges amounting to Rs. 36,381 during the year 1938-39. Inspired by the success of this society, three more ginning

factories have been set up by the societies in the district. In order to complete the organisation an important step was taken by organising a big co-operative ginning and pressing society in the neighbourhood of Surat town. The object of this "Farmers' Cotton Ginning and Pressing Society" is not only to gin and press cotton brought to the factory but also to start more ginning factories where cotton sale societies cannot themselves organise them. This pressing factory at Surat has been acquired at a cost of Rs. 70,000 with a view to break the ring of 4 private pressing factories. It has succeeded in bringing down the charges by almost half. It pressed 15,021 bales and earned Rs. 48,818 as pressing charges during the year 1938-39. Further the cotton sale societies and the ginning societies have organised themselves into a sales union with headquarters at Surat. Its primary duty is to find buyers in Surat cotton market for the cotton of the affiliated societies already ginned and pressed. It is to be noted that cotton of members is not sold in separate lots; but after grading, all the cotton of the same grade and class is pooled and sold as the societies think it advisable, members agreeing to take the average price secured in the season. Among the cotton sale societies of Karnatak, the societies at Hubli and Gadag occupy a prominent place. The Hubli cotton sale society was organised in 1915 while the Gadag cotton sale society was organised in 1917. The societies supply pure seed to farmer members and sell their cotton after grading it. All cotton of superior grades is sold by auction on the premises of the societies to buyers while cotton of inferior quality is sold by private arrangements with the buyers. The finance required by the societies for making advances to members pending the sale of their cotton is made available by the Karnatak Central Co-operative Bank. Both these societies have come to occupy an important place in the local cotton markets due to their honest methods and the superior graded quality of cotton handled by them. The Hubli cotton sale society markets about 10 per cent and the Gadag society 15 per cent of the total arrival of cotton in their respective markets. The Hubli society sold during the year 1940-41, 16,343 dhokras to the value of Rs. 6,58,843 while the sales of Gadag society amounted to 22,972 dhokras of the value of Rs. 8,71,283. The Gadag society has taken a further step in establishing a ginning factory and it further contemplates establishing a pressing factory also in the near future.

There were at the end of the year 1938-39, thirty-four cotton sale societies in Bombay Province which sold 6,56,433 maunds of cotton realising Rs. 38.72 lakhs.

B. SALE SOCIETIES FOR OTHER PRODUCTS

There were also 58 other sale societies at the end of the year 1939-40, for the sale of Gul, Chilly, Mango, Paddy, Arecanut, Fruits and Vegetables, Eggs, etc. Among these societies special mention need be made of the Raver Taluka Co-operative Fruit Sale Society, Kumta Arecanut Sale Society and the Sirsi Totagars' Sale Society. The Raver Taluka Co-operative Fruit Sale Society sold during the year

1939-40 plantains of the value of Rs. 98,562 and citrus fruit of the value of Rs. 41,410. The Kumta arecanut sale society sold goods worth Rs. 87,326 while the Sirsi Totagars' sale society sold goods worth Rs. 1,03,262.

C. SALE UNIONS

There are also several purchase and sale unions in the province among which the Nira Canal Purchase and Sale Union and Kopargaon Purchase and Sale Union need special mention. The former did transactions to the value of Rs. 4.36 lakhs while the latter to the value of Rs. 3.20 lakhs during the year 1939-40.

D. PROVINCIAL MARKETING SOCIETY

Apart from the marketing societies described above, a number of multi-purpose societies have been organised recently which in course of time will undertake the work of marketing the produce for their members. Further, to co-ordinate the working of various marketing societies in the province and to assist them in their business, steps were taken in close collaboration with the Chief Marketing Officer to organise a *provincial marketing society* for Bombay. The society has now been registered with a strong Board of Directors. With the appointment of a marketing staff, special assistance from Government to sale societies and multi-purpose societies in such matters as long term loans at specially low rates of interest for the construction of godowns and organisation of the provincial marketing society, it is hoped the movement for the development of co-operative marketing in the province will enter a further and more fruitful stage of its development.

SPECIAL TYPES OF SOCIETIES

CO-OPERATIVE HOUSING IN AHMEDABAD

The housing movement through co-operative efforts was started in 1924. At present Ahmedabad occupies a unique position in the co-operative housing movement in India. There are 55 co-operative housing societies in Ahmedabad representing all castes and creeds, Hindus (from Brahmins to Harijans), Jains, Parsis, Mohammadans and Christians. Total membership is 1,840, total share capital Rs. 7,40,663 and reserve fund Rs. 99,626. Total value of land and buildings is about Rs. 1¼ crores. Members contributed one-third of the total cost of land and buildings and the remaining was procured as long term loans repayable in 25 years by equated monthly instalments. The rate of interest varies from 4 to 6½ per cent according to the fluctuations in the market at the time of borrowing. The Government advanced loans first to few societies but this was stopped on account of financial stringency. By the efforts of the Ahmedabad Housing Association loans were procured from co-operative banks, Indian Insurance Companies, Charitable Trusts and private individuals.

For a 25 years' loan, monthly instalments including management charges of the society, interest and payments comes to Rs. 7 per month per thousand on an average. All the societies have uniform by-laws and work on tenant ownership system.

The largest co-operative colony is to the west of the city round the first society called Pritamnagar, named after Mr. Pritamrai V. Desai, the pioneer of the movement. It is a garden suburb with all modern amenities, such as schools, colleges, libraries, hospitals, veterinary hospitals, town hall, play grounds, garden clubs, bus services and the like. The second development is to the south of the city near Kankaria tank. Two societies of depressed class mill-hands have supplied decent houses at Pritampur in Shahibag, also named after Mr. Pritamrai V. Desai.

The problem of housing lower middle class families having a monthly income of Rs. 30 to 50 is the most difficult of all but it is being solved by the starting of Kuberanagar to the east of the city and the other societies.

The minimum size of the plot for middle class families is 800 square yards out of which one-fourth is allowed to be built upon. For labouring classes a unit of two houses is built in a plot of 500 square yards. The cost of a building with land for labouring classes has come to Rs. 1,200. This house has three rooms and two big verandahs and open space on three sides. The lowest cost of a building with land meant for middle classes has come to Rs. 3,000. The Ahmedbad Housing Association was started in 1930 to co-ordinate the efforts for better housing. It has successfully tackled the problem of transit, marketing and providing private loans for various societies as well as stimulated common efforts for the preservation of sanitation. It has also contributed greatly to the growth of a real co-operative spirit by an intensive propaganda. It has been successful in removing some of the grievances by arranging friendly conferences with officials and non-officials. Mr. Pritamrai V. Desai is the President and Mr. Keshavlal G. Shah is the Honorary Secretary of the Association from its beginning.

CO-OPERATIVE INSURANCE

The Bombay Co-operative Insurance Society was registered in 1930 and transacts life insurance business. The society has made satisfactory progress since then. It had two actuarial valuations conducted since its starting and it was able to declare satisfactory bonuses. As on 31st December 1939 its membership was, 7,915, the total business in force on that date was Rs. 75,55,517 out of which business worth Rs. 3,17,118 has been reinsured. The life insurance fund stood at Rs. 6,08,463 as against Rs. 5,26,733 at the end of the previous year. The figures for next year, that is to say, year ending 31st December 1940 are as follows:—Number of members 10,484. Business in force Rs. 1,03,99,138 and Life fund Rs. 8,89,552. In Bombay many co-operative societies have been working as the agents of the Bombay Co-operative Insurance Society.

It may not be out of place to mention that the aims of co-operative insurance societies should be: 1. to make insurance cheaper than that of Joint Stock Companies; 2. to eliminate as many middlemen as possible between the societies and their policy-holders and thus secure business at cheaper cost; 3. to make premiums lower than those of commercial companies; 4. to declare better bonuses to their policy-holders; 5. to keep down expenses on advertisement and other heads; 6. to maintain a favourable lapse ratio; 7. to make policy conditions less onerous and rigorous; and 8. to give surrender values on a liberal basis. The following courses of action are suggested to achieve the aims stated above:—

1. Each Province in India should have a Co-operative Insurance Society of its own and its area of operation should be restricted to that province only.
2. All these provincial Co-operative Insurance Societies should be affiliated to an All-India Federation for placing reinsurance, pooling of surplus funds and their investments.
3. In provinces, where there are no Co-operative Insurance Societies, it shall be the duty of the Federation to organise such societies on an uniform basis and give them necessary advice and guidance. Till the formation of such societies, a combined office should be opened and available business should be distributed among the existing societies.
4. The policy conditions should be standardised and liberalised.
5. The Co-operative Departments of the respective Provinces should encourage the formation of such regional Societies.
6. As far as possible these societies should enlist the co-operation of the existing co-operative organisations in their provinces and propaganda for the spread of insurance idea among the members of Co-operative Societies should be carried on through the Provincial Co-operative Institutes or Unions and through their Propaganda Officers. The Insurance Societies should place a portion of their funds set apart for advertising and propaganda purposes at the disposal of these Institutes. Propaganda will be cheaper and more effective and the sympathy and co-operation of the existing co-operative organisations in the Provinces will be secured at a much cheaper cost and better results will be obtained.
7. There should be no competition between one Co-operative Society and another in the same area as at present. It should be left entirely to the Co-operators of the Province to tackle the area of their province.

CO-OPERATIVE INDUSTRIAL ASSOCIATIONS

The Industrial Associations are organised only for helping the handloom weavers in marketing their products with the aid of the

Government of India grant, placed at the disposal of the Bombay Government.

For several reasons, India is in need of cottage industries. The Bombay Presidency with its large-scale industrial developments forms no exception. The number of persons who depend for their maintenance largely on handloom weaving exceeds 5 lakhs. It is found that the total production of handloom products in this Province is about 5 crores of rupees and about one-third of the total cloth which is consumed in the Province is woven on handlooms and hence this industry is the premier cottage industry of this Province.

The Bombay Government have, no doubt, spent considerable sums of money in the past in giving training and education to weavers in the use of improved looms and other appliances. No systematic attempt was, however, made for the marketing of handloom products. The industry was doing badly and the Government of India with a view to help it sanctioned a grant of Rs. 5 lakhs a year for the whole of India for five years, with effect from 1935-36. The share of this Province was Rs. 39,000 a year. The industries Department has taken in hand a comprehensive scheme of marketing of handloom products. This scheme is controlled by a joint board, comprising the Director of Industries and the Registrar of Co-operative Societies and Director of Rural Development, Bombay Province. The Director of Industries is the administrative officer of this joint board.

There is also an advisory committee comprising the Director of Industries, as the Chairman, the Registrar of Co-operative Societies and Director of Rural Development, Bombay Province, the Managing Director of the Bombay Provincial Co-operative Bank, Bombay, and two non-officials actively engaged in the piece-goods trade, specially fabrics produced on handlooms, nominated by Government, as members. The Marketing Officer (Handloom Products) of the Department of Industries is the Secretary of this Committee. This committee meets once in three months for reviewing the working of the scheme as a whole. The proceedings of this committee are forwarded to Government by the Director of Industries with his remarks.

The scheme comprises the organisation of industrial co-operative associations with the following aims and objects :—

- (1) to supply improved appliances on the hire purchase system or otherwise ;
- (2) to supply raw materials at reasonable rates ;
- (3) to advise weavers with regard to the production of improved and easily marketable patterns and designs ;
- (4) to undertake preparatory and finishing processes in dyeing and printing in connection with the handloom industry ; and
- (5) to accept on consignment account against partial payments, handloom products from weavers and to purchase outright handloom products and to sell them.

To fulfil these aims and objects each association has to open a shop at its headquarters, the expenses of which are met from the grant-in-aid. The scheme sanctioned in the beginning provided for the establishment of five district industrial associations in five different districts, namely, Poona, Ahmednagar, Hubli (Dharwar), Ahmedabad and Hyderabad (Sind). The Association organised at Poona was wound up and its equipment has been handed over to another newly organised Association at Sholapur to which has also been transferred the recurring grant and advertisement grant originally made to the Poona Association. The Association at Hyderabad (Sind) was transferred to the control of the Sind Government at the time of separation of that Province from Bombay.

Out of the savings in the Government of India grant, new Associations at different important weaving centres have been organised. At present there are 9 Associations working at the following centres in the province:—1. Ahmednagar; 2. Hubli; 3. Ahmedabad; 4. Sholapur; 5. Yeola (Dist. Nasik); 6. Malegaon (Dist. Nasik); 7. Kamatgi (Dist. Bijapur); 8. Belgaum; 9. Dhulia (Dist. West Khandesh).

The original associations, namely, those at Ahmednagar, Ahmedabad and Hubli have been in receipt of a grant-in-aid of Rs. 2,000 per year for bad debts and depreciation and about Rs. 3,400 a year to meet expenses on account of establishment, rent, and contingencies. The new Associations organised out of the savings are in receipt of a grant of about Rs. 2,000 per year for expenses on account of establishment etc. They were also given a non-recurring grant of Rs. 2,000 each to serve as reserve fund. Out of the savings additional grant to different associations for advertisement, weaving of new samples, establishing dye-houses, establishing experimental weaving sheds, implements to be sold on hire purchase and similar purposes were also paid by the Joint Board with the permission of Government.

From the middle of 1940, a composite Sales Depot has been established in Bombay City which so far as its activities for the sale of handloom cloth are concerned, is financed from the Government of India Grant. This Depot is designed to sell in Bombay City handloom cloth produced under the aegis of the various Associations mentioned above.

The advantages which have been gained by the weavers through the establishment of the associations are as under:—

(a) In raw material, the rates of the retail market have been brought down, as the associations are selling raw materials at a comparatively low profit. This has been a help both to the members as well as non-members. Besides, since the associations stock a variety of raw materials in different fast colours hitherto not available in those markets, it has been possible for weavers to produce new qualities of cloth without any difficulty. On account of an organised attempt by the associations to dye the fast colours the rates of dyeing have been considerably reduced.

(b) The associations have undertaken the manufacturing of entirely new qualities of handloom cloth such as shirtings, coatings, *patals*, curtains, table-cloths, towels, bed-sheets, dhoties, etc. There was and is an over-production in the usual products, like sarees, and on account of the changing requirements of the public, it was found unprofitable to deal in such types of goods. Production in new qualities mentioned above was successfully introduced and it has opened to the industry a new and wide field. Because of this, the glut in the market of the old types of handloom cloth has been reduced. This has also improved, to some extent, prices obtainable for the old qualities of cloth.

(c) The weavers could hardly earn annas four a day as weaving wages in producing the usual qualities of cloth on account of over-production and consequent reduction in rates. In new types introduced by the associations they are in a position to realise on an average about annas eight a day as weaving wages for eight hours' working on fly-shuttle looms.

(d) In manufacturing the new qualities every attempt has been made to reduce the cost of production at every stage. Great care is taken with a view to train weavers to produce cloths strictly according to given specifications and attempts are being made to standardise certain qualities for the market.

(e) For selling the finished products of these associations a system of appointing selling agents on a commission basis in all the important cloth distributing centres was adopted. Travelling salesmen and canvassing agents were engaged from time to time for selling and for getting orders from outside markets. In this way, contact between handloom weavers and different cloth markets has been established on account of which the weavers could acquaint themselves with the changing requirements of the markets. All the above advantages have certainly benefited the weavers at large in this province. By way of a special concession Government have raised the proportion of borrowing by these Associations to twenty times the owned capital against eight times the owned capital ordinarily permitted under the Bombay Co-operative Societies Rules, 1927. But in practice it is very difficult to get twice the amount of the owned capital from the co-operative banks because of various difficulties. The constitution of the associations provides for capital being collected from sympathisers as well as weaver members. Experience has shown that some of the sympathisers, while they have not contributed much capital, have tended to work on the boards of the associations in their own personal interest. This has resulted sometimes in hampering the progress of the associations. The weavers in general are very poor and not able to subscribe for the shares, however small their value may be. Government advances for working capital are, therefore, essential for the successful operation of the scheme. Under the above circumstances it is not possible for these associations to raise their share capital on an extensive scale. They are still in an undeveloped stage. Till now, only a few Associations suffered relatively very small losses in their respective business tran-

sactions which were met by them from the gross profits earned in their own business operations in the subsequent years. The reason why there are relatively very small losses is that the over-head charges of the Associations are at present met from the Government grant.

The grants were reduced in the case of associations organised later on in Taluka centres as the staff required for them was comparatively smaller and accommodation for their officers and shops obtainable cheaply. A much smaller working capital was provided for these new associations and this was given only at the commencement of the operations.

The affairs of these associations are managed by their respective boards of directors comprising about six elected directors from amongst the share holders, two nominated directors and three ex-officio directors.

The Marketing Officer (handloom products) is on the board of the associations. He and the textile designer of the Department of Industries constantly visit the associations, help and guide them and ensure that subsidy and grant are spent in accordance with the sanctioned scheme. The accounts of these associations are audited by the auditors of the co-operative department.

Improved appliances such as fly shuttle looms, frame looms with a beaming arrangement, warrish healds, steel reeds, chain dobbies, have been introduced amongst the weavers in so many places and these have been made available for them free or at reduced rates. Hundreds of new styles and designs of cloth have been introduced amongst weavers. Some of the weavers have decided to adopt these improved appliances and tools permanently.

All the industrial associations have been thus able in helping weavers in the following main directions:—

- (1) supplying cheap raw materials to members;
- (2) giving knowledge in the technique of manufacture and enabling weavers to take advantage of the change of taste in the public demand;
- (3) providing facilities for finance;
- (4) finding out new markets for handloom products and also attempts in obtaining higher prices for the same;
- (5) giving weavers lessons in the advantages of organisation under the co-operative movement;
- (6) removing small difficulties of routine character.

The importance of the handloom weaving industry cannot be over-emphasised. It forms a vital part of the economic organisation of the Province and appears indispensable for supplying special or general needs of the town as well as the village. In order to make the scheme a success and to ensure that the tax-payers' money in the shape of

the Government grant is fruitfully spent, co-operation of the handloom weavers and those taking special interest in them in particular and of the public in general is absolutely essential.

SUPERVISION, EDUCATION AND AUDIT

SUPERVISION

"In this Province different agencies have been employed from time to time for the supervision of societies. In the initial stages of the Movement, supervision was provided by the departmental staff and the honorary organisers. As the Movement, however, developed the departmental staff proved inadequate for this purpose and a feeling grew up that to ensure continuity and efficiency of supervision it could be best performed by a special staff working under the representatives of societies formed into unions or by the central banks. In pursuance of a resolution passed by the Provincial Co-operative Conference in 1912, three district banks were converted into banking unions with powers of supervision and two fresh unions were registered. Gradually, however, it was felt that supervision agency which also guaranteed the advances to the societies would prove more effective and accordingly, guaranteeing unions on the Burma Model were registered from 1915 onwards. These served as intermediaries between the financing banks and the societies and all the societies affiliated undertook mutual guarantee for loans advanced to them. The unions employed a staff of supervisors for performing the routine part of supervision. This system was expected to provide a convenient administrative unit for the department, a suitable credit assessing agency for the central banks and an excellent training ground for rural co-operators for developing a sense of initiative, responsibility and progress and for cultivating a better outlook and keener interest in the work of the societies.

"The main features of these Unions were: (1) restricted area with a compact group of societies, (2) mutual guarantee of borrowing by affiliated societies, (3) internal control by mutual supervision, and (4) cash credit facilities to affiliated societies. In 1916, the power of expelling the members, or reducing or suspending the credit of any of the affiliated societies was also given to the Unions. Nevertheless, very soon the defects in the Unions began to manifest themselves. The powers were generally misused while the duties and responsibilities of supervision were either neglected or evaded. The danger of interlocking the liabilities and the difficulty of enforcing them as well as the strain on the resources of the central banks became apparent. Attempts to resuscitate the system proved ineffective owing to the fundamental defects.

"The growth in the number and resources of the district central banks which replaced the finance supplied by the Provincial Co-operative Bank from a distant centre, rendered unnecessary the continuance of these unions. These banks through their directors were closely in

touch with the local conditions and men and the inspectors employed by them could effectively assess the credit of the societies and watch their financial operations. The Provincial Conference in 1922, reviewing the question of guaranteeing unions, was sceptical about their utility and referred the question to a Special Committee. This report was further examined by another Committee in 1924, and as the recommendations are of importance, they are summarised below :—

(1) Inspection and supervision are distinct functions with distinct objectives and should not be combined in the same agency, at any rate for the present. When in the fitness of time, the local supervising agencies develop, the function of inspection can also devolve on them.

(2) The guaranteeing unions have failed in so many ways to fulfil the expectations built upon them that they should not be extended further. Such of them as desire to continue should be allowed to do so, if they adopt the revised by-laws but the lump credit granted to unions should generally stop.

(3) Supervision work outside the City of Bombay has never been the object of the Institute,* implied or expressed. The Institute should, however, organise unions, co-ordinate them and guide their work and utilise them as its responsible agencies for extension and development of the movement in all its aspects. It may assume direct responsibility for supervision and guidance in tracts which are educationally and co-operatively backward and where, therefore, the societies cannot be brought under the Union system.

(4) Unions for supervision and control should be formed to cover suitably grouped societies, so that the fees recovered would be sufficient to meet the cost of employment of qualified and trained supervisors.

(5) Taluka development associations are unsuitable agencies for supervision both because of the nature of their functions and the form of their organisation.

*These recommendations were accepted by the Registrar and the Institute. Existing guaranteeing unions were either converted into supervising unions or dissolved and fresh supervising unions were registered. The finances of the unions were put on a better footing by providing for grants from the central banks and Government. Arrangements for training and control of supervisors were made and pending the organisation of independent arrangements the propaganda officers of the Institute supervised societies in certain backward or undeveloped areas.

"The Institute prescribed a course of training for all supervisors followed up by a test and a diploma was given to satisfactory candidates. As a result the quality of work of supervisors was improved and more lively interest was taken by members of managing committees of the unions in supervision of societies. In 1929, the Provincial Co-operative Conference passed a resolution recommending (1) continuation of free audit; (2) the compulsory levy of half a per cent for super-

*The Bombay Provincial Co-operative Institute.

vision charges; (3) the pooling of the supervision funds by districts and controlled by the district boards; and (4) the creation of a central cadre of supervisors by the Registrar in consultation with the Provincial Co-operative Institute.

"In 1930, the mode of levying audit fees was so regulated as to encourage societies to affiliate themselves to the unions and the unions to levy fees at the rate of half a percent on the working capital. Audit fee is to be recovered at the rate of five-eighths per cent from all agricultural credit societies except those which are affiliated to Unions and pay a subscription of half a per cent from which only $\frac{1}{8}$ per cent is recovered. This order has given a great impetus to the formation of supervising unions except in backward or undeveloped tracts. At present out of 3,665 agricultural credit societies in the Presidency (excluding Sind) 2,788 societies are affiliated to 101 unions which maintain 112 supervisors. Sixty societies are affiliated to the banking union at Ahmedabad and the special *mamlatdar* in charge of Bhil societies in Panch Mahals supervises 93 societies. Consequently, only 470 societies have no express provision for supervision as they are so scattered that the cost of supervision is almost prohibitive."

The above extracts are taken from the Report of the Supervision Committee appointed by the Government of Bombay in 1933 as a sequel to the recommendation of the Thomas Reorganisation Committee which had condemned the unions as inefficient and wasteful. The Committee considered the question of supervision from all aspects and made certain recommendations, chief among which were those relating to the creation of district boards of supervising unions registered under the Co-operative Societies Act, the pooling of the resources of the district under the district supervision board including the supervision fee paid by societies and contribution by the central financing agency, control over the staff and finances and in some respects the committees of the unions by the Boards, the constitution, functions and finances of the Boards and the utilisation of grants by Government out of the surplus of audit fees to make up the deficit, if any, in the budgets of the District Supervising Boards. At the apex a Provincial Board was recommended. In making these recommendations the Committee was influenced by the following considerations:—

The development of co-operation is not on a par in all the districts. Guided by the local enthusiasm and zeal of non-official workers some districts are highly developed while others have been almost neglected. Even in the districts some talukas have offered better soil for co-operation while others have proved inhospitable. At present, the funds of each union are kept separately with the result that even in one district some unions have abundant surplus funds while others are not in a position even to pay for good supervision, with the result that a weak union continues to remain so or grow weaker while the richer unions have good surplus unutilised. At present, half the number of the existing unions have deficit budgets and the balance is recouped by equal grants from Government and the central banks

concerned. As under the scheme, the District Boards of Unions would be the controlling units and the supervisors would be liable to transfer within the district, we consider that the supervision fund levied in a district should be pooled together under the control of the district supervising board. This has already been approved by the Provincial Co-operative Conference and we see no serious objection to this suggestion as it is based on co-operation among the strong and weak unions for the betterment of the movement in the whole district.

Government passed orders accepting the recommendations of the Committee, with the exception of the one relating to the creation of a Provincial Board, in 1936 and they were immediately given effect to. From guaranteeing unions to supervising unions and from supervising unions to district supervision boards the emphasis shifted. But did it in any way ensure better supervision, not to speak of effecting marked improvements in the condition of the primaries for which supervision in whatever form is a means? The constitution of the boards also is unsatisfactory in some respects. The Assistant Registrar is ex-officio chairman. There is also an elected vice-chairman. The Institute and the central financing agency have each one representative on the Committee, the unions sending two other members by rotation. All the same, experience of the working of the system for the last five years has revealed some under currents of dissatisfaction. "The representatives of societies feel that the affairs are dominated by the Assistant Registrar who is ex-officio chairman, while the Assistant Registrar finds that he has oftener than not to bow to decisions by majority in which he does not concur".*

Recognising that good service conditions for the supervisors was a *sine-qua-non* of the efficient working of the machinery, the Supervision Committee went carefully through the question of the finances of the boards to enable them to appoint well-qualified, well-paid supervisors. Besides the supervision fee of half a per cent of their working capital paid by the agricultural credit societies, the financing agencies contribute at the rate of one-fourth per cent of their loan operations with the societies and the deficit if any is to be met from the surplus of audit fees on agricultural credit societies with Government, after taking credit for Rs. 25,000.

The course of events during the last five years shows, however, that there was something wrong with the Committee's reading of the financial effect of its recommendations. Barring one or two exceptions, the finances of no district board are sound and heroic remedies are employed, time and again, for balancing the budget.

The situation can, however, be saved if the following suggestion made editorially in *The Bombay Co-operative Quarterly* is accepted without reservation and given a fair trial:—

"To place the finances of the scheme of supervision on a sound basis it will be necessary for central financing agencies to pay contri-

*Editorial article in the *Bombay Co-operative Quarterly*, December, 1940.

butions to the supervision fund on the basis of 4 annas per cent to unions in their area. But while central financing agencies may be called upon to continue contributions on the scale referred to, it is essential also to urge that Government should make contributions on the scale proposed by the Supervision Committee. All receipts from audit fees of societies affiliated to supervising unions should be formed into a separate fund and utilised from time to time in making grants to district union boards which are unable to balance their budgets."

EDUCATION

In the early days of the Co-operative Movement, education like finance was a responsibility of the Co-operative Department. Public life, however, being particularly well developed in this Presidency it did not take long for a non-official organisation to be set up in its capital town to take up the work of co-operative education and propaganda. Bombay was the headquarters of the Servants of India Society and its founder, the late Mr. G. K. Gokhale, though he had attacked the Co-operative Credit Societies Bill in the Imperial Legislative Council on certain grounds, particularly because Government had no proposals to liquidate the appalling illiteracy of the masses, was prepared to give a fair trial to co-operative movement as sponsored by the authorities. His colleague, Mr. N. M. Joshi, with the help of others interested in the movement, organised a co-operative library in 1914 which was housed in the Servants of India Society's Home. At the instance of another member of the Society, Mr. G. K. Devadhar, the first co-operative secretaries' training class was held in the same year in Bombay under the auspices of a non-official committee though the funds were provided by Government. The members of the library also helped with contributions to a weekly paper called *Commerce and Co-operation* which was started the next year as a private venture.

Act II of 1912 enlarged the scope of the co-operative movement and under that legislation co-operative societies of various types could be started. Bombay's leading business men had already helped in the organisation of an apex bank for the movement, the Bombay Central Co-operative Bank, but it is interesting to note that what interested Bombay's leading citizens was not so much co-operative banking, nor the co-operative stores, but co-operative housing. In a growing town housing is always an important problem and Bombay hoped to find a solution in the co-operative method. The Bombay Co-operative Housing Association was founded in 1915 and it published valuable literature and organised a series of public lectures. In the meantime, *The Commerce and Co-operation* had ceased publication and the Co-operative Library decided to publish a quarterly journal called *The Bombay Co-operative Quarterly*, the first issue of which came out in June 1917.

The Bombay Provincial Co-operative Institute.—It was considered desirable to bring all the above activities under the auspices

of one institution and the Bombay Central Co-operative Institute was organised in July 1918 for that purpose. As the late Sir Lallubhai Samaldas who was the first vice-president of the Institute said, it is difficult to apportion the credit for the starting of the Institute between Mr. Ewbank who was the then Registrar, Rao Bahadur S. S. Talamkai, the Honorary Secretary of the Housing Association and others. The objects of the Institute, among others, were "to develop the Co-operative Movement in India by all means in its power, to serve as a centre for every sort of co-operative activity, to promote the study of all questions connected with co-operation and to ascertain and represent the views of co-operators on any questions of general or public importance affecting the movement."

So far as its educational activities are concerned the Institute, in the early days, naturally confined itself to the training of secretaries and members of managing committees in Bombay and in the mofussil through the district and divisional branches organised by it. From 1921 it also began to hold annually a class in English for about a fortnight which had great propaganda value as besides workers in the movement it attracted a large number of intelligent citizens interested in the study of social and economic problems. In 1923 the Institute prepared a syllabus for the training of supervisors and training classes were held at a few centres.

In any record of co-operative education in Bombay Province the place of honour must be given to the scheme of adult education for the members of co-operative societies which was conducted for six years in all its two sub-provinces Maharashtra and Karnatak. The late Sir Vitthaladas D. Thackersey, one of the founders and first Chairman of the Bombay Central Co-operative Bank, felt that a prerequisite of the success of co-operation was the education of the members of co-operative societies in at least the three R's. He prepared a scheme according to which a number of schools, not exceeding 40 at a time were to be started in the central and southern divisions of the Bombay Presidency, each school being run for two years. Education was naturally free but in order to ensure lasting results students who passed the examinations were given cash prizes of Rs. 5 for the first year's course and Rs. 15 for the second year's course. The teachers, besides their pay, got a bonus of Re. 1 and Rs. 4 respectively per student passing the first and second year's course. The schools were conducted for the first two years by the co-operative department and subsequently for four years by the Institute, the entire cost being defrayed by the late Sir Vitthaladas D. Thackersey. From June 1918 when the scheme came into operation to March 1922, 84 schools were opened and 442 students were examined for the first year's course, of whom 312 passed the test and 257 were examined for the second year's course of which 191 passed the test. The total cost during the period, including the pay and travelling allowance of two educational inspectors, came to Rs. 32,251. From April 1922 Government bore the cost of the inspectors but the other expenses were met out of funds provided by Sir Vitthaladas. Village libraries were also opened in some centres and

arrangements made for visual instruction to the students attending the schools. Unfortunately this glorious chapter ended in September 1924 as the executors of Sir Vithaldas Thackersey's will could not see their way to provide finance any longer and the Institute also could not find the necessary funds. No other Province perhaps records an instance of such personal munificence for the education of members of co-operative societies.

The Institute provides for visual instruction also. It has prepared slides on different subjects like co-operative credit, co-operative stores and others. All its district branches were equipped with magic lanterns and slides and propaganda officers attached to them used to deliver magic lantern lectures.

The constitution of the Institute was revised in 1926. The new constitution provided for a central education board for the educational activities of the Institute. The board prepared syllabuses and instituted examinations for (i) members of managing committees, (ii) secretaries of societies, (iii) secretaries of urban banks and (iv) supervisors, the examinations being held in the regional languages of the province. It also prepared syllabuses for (i) the co-operative certificate examination; (ii) the co-operative diploma examination; and (iii) the bank officers' diploma examination.

The Board was not content to be merely an examining body like the older Universities. Besides doing its work of holding examinations and awarding certificates and diplomas it started three full-fledged co-operative schools at Poona, Surat and Dharwar. Students were coached there through the medium of the regional language for the earlier set of examinations, the course for secretaries covering one term and that for supervisors and bank inspectors one term more. The attendance was quite encouraging when the schools were started in July 1928 but it gradually fell off and one after another all the three schools were closed by the end of the academic year 1934-35, chiefly on account of want of openings for employment in the movement to their alumni.

From 1928 when the Central Education Board assumed control of co-operative education and examinations to 1935 the total number of candidates that appeared for the secretaries' certificate examination was 1,426 that for the supervisors' diploma examination 428, and for the Bank Inspectors' Certificate Examination 131. Out of these 585, 119 and 37 respectively were declared successful. Since then only the secretaries' certificate examination is being held. For reasons stated above it has not been possible to hold the higher examinations. In June 1934 the Central Education Board revised the syllabuses in the light of experience gained till then.

Out of the Government of India grant for the co-operative education courses of four months of co-operation, economics, banking and audit were arranged by the co-operative department for its staff to

which were also admitted employees of central and urban banks recommended by the latter. The Institute was not associated with this part of the training scheme, but with its section dealing with the training of secretaries, members of managing committees and members of societies, the Institute has been associated at all stages, namely, preparation of syllabus, of text-books and the conduct of the training classes.

Besides holding training classes and examinations and the award of certificates and diplomas, the Institute has also other educational work to its credit. Reference has been already made to the *Bombay Co-operative Quarterly* which came out a year before the Institute was started and has since continued as the official organ of the Institute. In April 1924, the Institute started a monthly journal in English called *The Bombay Co-operative News*, under the Editorship of Prof. H. L. Kaji. It became very popular during its brief life of 3 years, but had to be discontinued for want of funds. Journals were also published in four regional languages—Sind being till 1936 part of the Bombay Presidency. They have all ceased publication latterly because of the changes contemplated in the constitution of the Institute. In April 1930 the Broach District Branch of the Institute started a monthly journal in Gujarati called the *Broach Sahakar Samachar*. That journal still continues though with the closing of the District Branch, its conduct has been taken over by the Gujarat Divisional Branch. The Institute carried out five economic surveys and has published some books and leaflets in English and the regional languages.

The constitution of the Institute is undergoing revision but in all suggestions and proposals therefor it has been made clear that the Institute should be in sole charge of co-operative education in the province. The constitution, it is hoped, will soon come out of the melting pot where it has stayed rather too long. The Institute will then, presumably, again take in hand the conduct of journals in the regional languages of the province and also devise suitable arrangements for the training of different ranks of co-operative workers. It has also been suggested that research into co-operative problems should form part of its activities.

AUDIT

During the early days of the Co-operative Movement dating from the passing of the Act X of 1904 to Act II of 1912 the Movement was practically confined to rural credit societies and Government assumed the entire responsibility for their well-being. In those spacious days audit partook also of inspection and supervision. The first appointments of auditors were made in 1908 and of them Mr. Campbell wrote: "They have done some good work and have entered keenly into the spirit of the thing." The Societies were few, audit was thorough and Government paid for it. The number of auditors was increased with the number of societies and good care was taken to see that societies, though they had naturally outstripped the "annual Registrar," did not outstrip the "annual auditor."

With the expansion of the sphere of co-operation consequent on the passing of Act II of 1912 there came into being central banks for financing the primary societies and various types of non-credit societies such as housing societies, co-operative stores, purchase and sale societies and others. Simultaneously, there was great development in urban co-operative banking.

The audit of these new types of societies created its own problems. Consumers' societies with a working capital exceeding Rs. 50,000 were given the option to arrange for their own annual audit independently. In his letter submitting the proposal to Government Mr. Rothfeld said, "this exemption is absolutely necessary if Government is to divest itself in the eyes of the public of responsibility for the good management of stores societies." Very few societies exercised this option; it was not extended to urban banks or central banks or housing societies. However, the fact that they stand in a class very distinct from rural and petty urban credit societies was recognised and for their audit superior officers called Special Auditors, were appointed. These Special Auditors rank equal with the Assistant Registrars, under whom the other auditors work, in the co-operative hierarchy.

Under Act X of 1904 audit was free, but in the new Act power was taken to frame rules whereby societies could be called upon to pay for their audit by the Co-operative Department. Accordingly in 1914 central banks, urban banks, housing societies and consumers' societies which availed themselves of Government audit were called upon to pay audit fees. The scale of audit fees was later revised in 1920 according to the recommendations of a Committee appointed by the Bombay Provincial Co-operative Conference the previous year, consisting of the Hon'ble Mr. J. P. Mead, Sir Chunilal Mehta, Sir Lalubhai Samaldas, Dr. H. H. Mann, Mr. G. K. Devadhar, Mr. R. B. Ewbank and Dewan Bahadur A. U. Malji. The scale underwent another revision in 1928 and today the incidence of audit fees is as follows:—

For Urban Banks and Central Banks

	Urban banks	Central banks
First Rs. 50,000 of working capital ..	1/4%	1/8%
From Rs. 50,000 to 100,000 ..	1/8%	1/8%
„ Rs. 1 lakh to 3 lakhs ..	1/8%	1/16%
„ Rs. 3 lakhs to 5 lakhs ..	1/16%	1/32%
„ Rs. 5 lakhs and above ..	1/32%	1/32%
With a maximum fee of Rs. 1,500 ..		

For Housing Societies

First Rs. 50,000 of turnover ..	1/16%
From Rs. 50,000 to 100,000 ..	1/16%
„ Rs. 1 lakh to 3 lakhs ..	1/32%
„ Rs. 3 lakhs to 5 lakhs ..	1/64%
„ Rs. 5 lakhs to 50 lakhs ..	1/64%

An extra fee of Rs. 100 is charged for the audit of the first branch in a district and Rs. 50 each for other branches in the same district.

The Manual of Co-operative Societies in the Bombay Presidency by Mr. R. B. Ewbank, Registrar of Co-operative Societies, gives detailed description of the procedure to be adopted by Government Auditors in their work.

The levy of audit fee itself was not objected to as it was recognised that the audit of such institutions as central and urban banks should be self-supporting; but it gave rise to a grievance—a very legitimate grievance—that the banks were called upon to pay twice, once to their own auditors and again to Government for the official audit. What the MacLagan Committee said about the Government audit of primary societies is equally true in the case of Government audit of co-operative banks, namely, that it is primarily for the satisfaction of Government and secondarily for that of their members and depositors. The only responsibility Government took in return for the payment it received was that the bank would be audited once during the year.

But the Co-operative Societies Act requires all societies to hold their general meetings within three months of the close of the co-operative year. As the work of the Government Auditor is spread over twelve months it naturally follows that the audit of only a few co-operative banks would be finished by the time of their general meeting. The urban banks and central banks, therefore, had perforce to appoint their own auditors and they naturally came to regard the audit-fee as an unjust impost; and protest was loud and frequent, especially in Bombay. It took the form not of a request for remission of audit-fees but for an arrangement whereby the Government auditor could be replaced by an auditor selected by the bank out of a panel of qualified non-official auditors nominated by the Registrar himself. Their demands are partly met by the Co-operative Enquiry Committee consisting of Messrs. V. L. Mehta and M. D. Bhansali, recently appointed by the Government of Bombay and Government's orders on the same. The relevant portion of Government Resolution No. 7363/38 dated 15th March 1938 on the Report of the Committee runs as follows:—

"Audit Federation.—The report suggests the formation of an Audit Federation of urban banks and societies in Bombay with a view to its extension to other areas. The Federation is to appoint an audit staff and be responsible for the audit and inspection of urban banks in C and D class and all urban societies with the exception of salary-earners' societies in A and B class and is also to inspect urban banks in A and B class. An important body like the one proposed should have its constitution, duties and powers clearly defined. The Registrar is, therefore, requested to submit detailed proposals showing how the Federation will be constituted, what will be its duties and powers and how the funds required to meet its expenditure will be raised."

Gujarat has already got a federation of urban banks working satisfactorily for the last ten years. Its audit, however, is not recognised by the Department. When the new scheme is implemented it should be permitted to function as an audit federation for Gujarat.

The Mehta-Bhansali Committee has also recommended that the audit of urban banks—classed A and B—and central financing agencies should be carried out by professional auditors appointed by the Registrar, though Government have not yet issued orders on this recommendation. A similar recommendation has been made about certain types of non-credit societies, including co-operative housing societies that are not indebted to Government.

In recent years instances have occurred of societies and banks remaining unaudited throughout a co-operative year and the levy of audit fee under such circumstances was rightly resented by co-operators. The Government Resolution referred to above removes the ground for complaint by conceding the right to any society, if the statutory requirement regarding its audit in any co-operative year could not be complied with, to claim a refund of the audit-fee levied under the rules.

Audit Fees on other Societies.—In 1925, the Registrar first expressed the opinion that the older societies with large capital should be called upon to bear a part of the cost of audit and accordingly proposals were submitted by the Registrar which were sanctioned by a Government Resolution dated 22nd February 1928.

These proposals were later modified and a final scale of audit-fees was sanctioned by Government in a resolution dated 29th December 1930 which is as follows:—

(a) *Agricultural Non-credit Societies* of at least three years' standing:—The same rates as those fixed for societies of this type by the Government resolution of 22nd February 1928.

The minimum fee was to be Rs. 50 and the maximum fee Rs. 1,500 as before, but subject to the proviso that in no case should the fee exceed half a per cent calculated on the working capital as it stood at the close of the last preceding co-operative year.

(b) *Non-Agricultural Societies* of at least three years standing.—The same rates as those sanctioned by the Government Resolution of 22nd February 1928.

(c) *Agricultural Credit Societies.*—An audit-fee at the rate of ten annas per hundred rupees of working capital, as it stood at the close of the last co-operative year. Those agricultural societies that paid supervision charges to the supervising unions or to Taluk Development Associations of not less than eight annas per cent were to pay an audit-fee of two annas per cent only. Under this Resolution, the Registrar was authorised to grant exemption from payment of audit-fees where necessary, in the case of both agricultural and non-agricultural societies.

These societies are audited by a staff of auditors and sub-auditors working under the Assistant Registrars. Two hundred societies are allotted to a team consisting of an auditor and a sub-auditor, who, however, usually tour separately. Government now propose to have only one auditor in a district with the requisite number of sub-auditors working under him. This is expected to lead to some economy in the expenditure on the audit staff. Auditors are mostly graduates and about half of them are B. Coms. possessing the G.D.A. qualification. They begin as clerks on Rs. 50 and are then posted as sub-auditors and afterwards promoted as auditors. They have to pass the G.D.C.A. examination within three years of becoming auditors.

Out of the subsidy received from the Government of India for co-operative education, the Co-operative Department have, for the last three years, been conducting classes of four months' duration which all existing auditors and sub-auditors have attended. No arrangements for the training of auditors existed prior to these classes and it is not known what arrangements are contemplated for the training of future recruits.

The present audit staff of the Department consists of 4 special auditors, 36 auditors and 34 sub-auditors. Figures showing the total cost of audit are not available; but according to the Review of the Co-operative Department published by the Government in 1933, the cost of the staff for the audit of urban banks and housing societies in 1931-32 was Rs. 52,768 while receipts were Rs. 53,418.

The levy of audit fees on agricultural societies was objected to by the Institute on practically much the same grounds as those on which the urban banks based their protest, namely, double payment, at any rate, excess payment. The province is now covered by a network of supervising unions. They, in a way, conduct the primary audit of societies affiliated to them, though technically it is not called audit, and for the maintenance of the supervising unions the societies contribute annas 8 per cent on their working capital. As Mr. V. L. Mehta said in a note submitted by him to the Bombay Provincial Co-operative Conference held in March 1929, "If the system of supervising unions covers the whole of the Presidency, the function of the auditors will be merely to conduct super-audit and act as the local representatives of the Registrar in the districts for the purpose of general superintendence and guidance. Co-operators urge that it would not be proper to recover from agricultural primary societies the cost of a staff employed by Government for such duties." In fairness to Government it may, however, be mentioned that out of the amount collected every year by way of audit fees from agricultural societies, they retain Rs. 25,000 only and the balance is made over to the movement by way of grants to supervising unions.

"The first step in social reconstruction is the realisation that capitalism as we have known it is dying and should die."

—FATHER VIRGEL MICHEL.

CENTRAL PROVINCES AND BERAR

Provincial Editors

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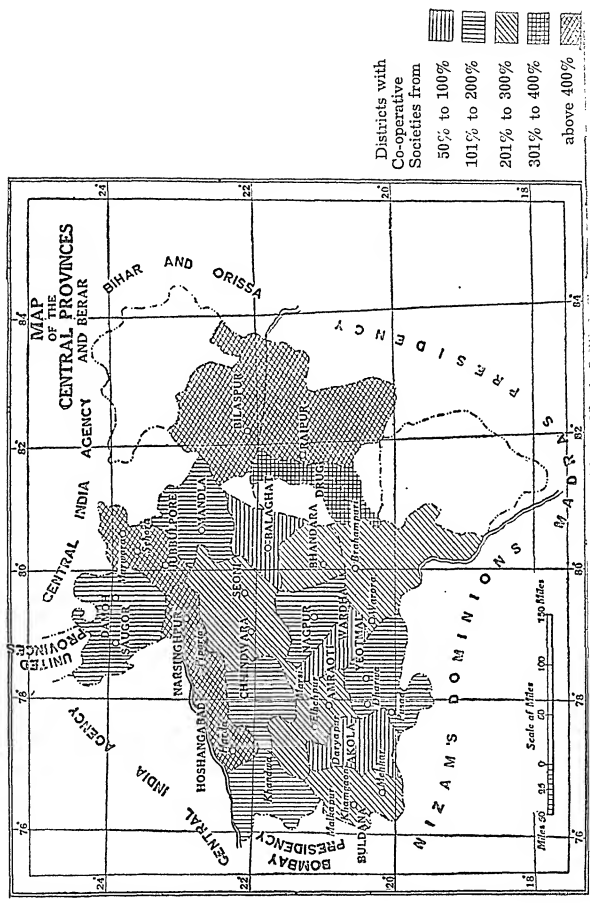
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CENTRAL PROVINCES AND BERAR

General Features.—Central Provinces and Berar constitute a single province under a Governor. It is bounded on the north by Central India and Bihar, on the west by H.E.H. Nizam's Dominions and on the south-east by Orissa. There have been territorial adjustments and readjustments between this province and the adjacent provinces of Bengal and Orissa in the three decades between 1905 and 1935. Berar passed into the hands of the British Government in the year 1853. Again under a treaty with the Nizam of Hyderabad in 1902, Lord Curzon obtained a perpetual lease of Berar in favour of the British Government from the Nizam, subject to the British Government paying an annual fixed rent of Rs. 25 lakhs. There was a further treaty in 1936 whereby the Nizam was accorded certain diplomatic privileges. He is to be known as H. E. H. the Nizam of Hyderabad and Berar while his Heir-Apparent is to be designated 'the Prince of Berar.' He is to be consulted in the appointment of the Governor of Central Provinces and Berar and his flag is to be flown alongside the 'Union Jack', among other privileges. He now maintains a political agent in Central Provinces and Berar and Sir M. Venkatasubbarao, Retired Judge, Madras High Court, is the first political agent appointed. The province has a unicameral legislature called the Central Provinces and Berar Legislative Assembly. From the time of the introduction of Provincial Autonomy in the middle of 1937 till October 1939, when the Congress Ministry was in office, the province was administered by the Governor* with a Council of Ministers and is being administered thereafter by the Governor with the help of official advisers under section 93 of Government of India Act as the congress ministry resigned and no other ministry could be formed.

The province has an area of 1,31,557 sq. miles and a population of 16·8 millions. Berar occupies a fairly large portion of the combined province with an area of about 17,808 sq. miles and has a population of about 3·6 millions (Census 1941). Hindi and Marathi are the principal languages of the Province and the bulk of the population, over 13 millions, are Hindus. The climate of the province is dry and subject to extremes of heat and cold. There is a marked regional variation in the rain-fall of the province, the average for west Central Provinces, being 46·6 inches, that for Central Provinces east being 53·8 inches and that for Berar being 32·5 inches per annum. The principal crops are cotton, rice and wheat. The important industries are cement manufacture, coal and manganese mines. There are about 10,000 miles of roads, more than half of which are metalled and over 2,500 miles of railway lines. Nagpur is the capital of the province; the other prin-

*Governor: His Excellency Sir Henry Twynam, K.C.S.I., C.I.E., I.C.S.
Y.B.—41

cial cities are Jabulpore and Amraoti. There is a University at Nagpur. The budget estimate for 1941-42 puts the revenue income at Rs. 510.7 lakhs and expenditure at Rs. 508.8 lakhs.

A Retrospect.—The history of the Co-operative Movement in this province may be conveniently divided into four periods—(1) The period between 1904, when the first Co-operative Societies Act X of 1904 was passed and 1912 when the old Act was replaced by Act II of 1912; (2) the period between 1912 and 1921 in which a co-operative committee presided over by Mr. R. M. King was appointed to enquire into the working of the movement; (3) the period from 1922 to 1929-30, that is to say, between the date of the King Committee Report and the setting in of economic depression and (4) 1929-30 to 1940-41, the depression and post depression periods. There is very little progress to report during the first period. Act X of 1904 provided for the formation of two classes of societies, namely, the rural and urban, separate conditions being prescribed in the case of each class in regard to matters like members' liability and the application of profits. The Act did not cover any form of co-operation other than co-operative credit and conferred no legal recognition on central societies. These and other defects were removed by the Act of 1912 which deals with co-operative societies of all types. By 1911 there were no more than 300 societies in the province with a working capital of about Rs. 5 lakhs. In 1911 the deposits in central banks amounted in the aggregate to about Rs. 21,000 and their working capital was a little less than Rs. 1.75 lakhs.

In the second period, that is to say, after the passing of the Act of 1912, the Provincial Co-operative Bank was organised to establish contact between the central banks and the money market. Between 1912 and 1921 the co-operative movement in the Central Provinces made good progress. The number of societies increased from 300 in 1911 to over 5,011 in 1921 and the number of members from 9,254 to 1,56,787 and the working capital from about Rs. 5 lakhs to about Rs. 30 lakhs. The general structure of the movement is based on the primary credit societies without share capital and with unlimited liability. They were financed to a very small extent by deposits from members and non-members and mainly by loans from co-operative central banks, which in their turn obtained their working capital from shares, deposits and loans from the Provincial Co-operative Bank. The shares in the Provincial Co-operative Bank were held entirely by central banks and some of the older societies. Shares originally held by individuals were redeemed. The distribution of the Provincial Bank's shares among the various central banks and societies was unequal due mainly to the manner in which shares of individuals were redeemed and allotted to institutions.

Till the year 1920 the co-operative movement in Central Provinces was not depending on financial aid from the State, to any great extent. But the position of the Provincial Bank began to deteriorate since 1920 on account of its disregard of ordinary banking principles. This had its natural reaction on the Central Banks. The banking crisis thus brought about was impinged upon by seasonal catastrophe. The crops failed

and money became difficult to obtain. Efforts were made to resuscitate the condition of the Provincial Bank by non-official co-operators and the department. The Provincial Government rendered some financial aid. But as the position did not improve and a thorough investigation of the movement by an expert committee was deemed necessary, the Provincial Government appointed a committee in October 1921 which was presided over by Mr. R. M. King, I.C.S.

The King Committee made its report on the 8th January 1922. Among other recommendations the Committee recommended the liquidation of the Provincial Co-operative Bank and connecting central banks with the joint stock banks. The conclusion of the Committee may be expressed in its own words: "The Provincial Co-operative Bank in the Central Provinces has, in the most signal manner, demonstrated its unfitness to discharge the functions of an institution managed in accordance with banking principles. We would, therefore, prefer a system of finance under which the best use possible would be made of the local knowledge possessed not only by the co-operative central banks but by the agents of the local branches of the Imperial Bank or of such other institutions as may enter into business relationship with the co-operative credit organisation. . . . The intervention of a provincial bank necessarily means the addition of another profit between the money market and the cultivator and therefore makes finance more expensive for him. Again, we think that the bringing of the central banks themselves into touch with the commercial banks will tend to make them more businesslike, and the commercial banks would be able to exercise a form of business control over banking methods which a provincial bank cannot." But fortunately the Government on a review of the Committee's report did not accept this ill-conceived, reactionary and unco-operative recommendation of the Committee and ordered the reconstitution of the Provincial Bank on the basis of an equitable redistribution of shares among the central banks and rural societies. It was done and the co-operative movement in the province was saved from the doom it would have met with if the King Committee's recommendations were accepted. The period between the reconstitution of the Provincial Bank as directed by the Government and the commencement of the economic depression in 1929-30 marks the third stage of the development of the co-operative movement in the Province of Central Provinces and Berar. The movement has made satisfactory progress and justified the attitude and action taken by the Provincial Government in dealing with the King Committee's Report.

The fourth period may be described as one of freeing assets and of a policy of rectification and consolidation. In this period some of the central banks in Central Provinces proper and almost all central banks in Berar have become involved in serious financial embarrassment. Five of the central banks in Central Provinces are now under the new section 42-B of the C.P. & Berar Co-operative Societies (Amendment) Act, V of 1940, and similar situation is apprehended to arise in two or three more banks. The Registrar in his latest report for the year ended with 30th June 1940 says that "out of 35 central banks 18 have maintained ade-

quate fluid resources while 17 failed to do so and that fluid resources as a whole had been much depleted as a result of heavy withdrawals of deposits from banks. In this year the working capital of the Provincial Bank also decreased but only slightly as compared with the previous year. As a result of the deterioration of some of the central banks both in Central Provinces and Berar the Provincial Bank is now associated with the management of 9 central banks in Berar and 5 in Central Provinces. In the rehabilitation scheme that is now engaging the attention of the Registrar,* the Provincial Bank has agreed to meet the loss of the central banks to the extent of about Rs. 10 lakhs.

CO-OPERATIVE FINANCE

A. RURAL CREDIT SOCIETIES IN THE CENTRAL PROVINCES

After the passing of the Co-operative Credit Societies Act X of 1904, a beginning was made in the year 1905-06 with the organization of 8 societies with a membership of 639 individuals and a capital of Rs. 16,639. The pace of organization up to the year 1912 was slow as till then only 510 societies could be established with 8,955 members and a working capital of Rs. 3,45,897. With the passing of the new Act in 1912, the growth of societies was encouraged and the number of registered societies at the end of 1920-21 was at its highest, 3,654, with a record membership of 62,803 and a working capital of Rs. 75,85,462. This expansion proved to be disproportionate to the funds available and led to the financial crisis in the co-operative movement in 1920-21. It was, however, tided over with the financial accommodation of Rs. 36 lakhs provided by Government. After this period, the policy of consolidation was followed for about 15 years with the result that the number of societies decreased from 3,654 to 2,392 and membership and working capital fell from 62,803 and Rs. 75,85,462 to 42,070 and Rs. 60,11,585 respectively in the year 1934-35. From 1935-36 onwards, the number of registered societies gradually began to increase every year and their total number on the 30th June 1940 was 3,755 with 49,430 members. Their working capital, however, despite the increase in the membership, fell down to Rs. 47,79,216. All the rural credit societies were registered with unlimited liability; but there is now a feeling in favour of societies with limited liability and with the special sanction of Government, recently 5 rural credit societies with limited liability have been registered. They advance loans only for raising crops and are known as "crop loan societies." The total membership of 49,430 persons in the rural credit societies represent only 0.7 percent of the total rural population of the British districts of the Central Provinces.

*For the Government Communiques in this connection see *Indian Co-operative Review*, Vol. V, p. 446 and Vol. VI, p. 162.

Societies are organised on share basis and the old societies were also converted into share societies from the year 1925-26. As a result of this, out of the 3,755 societies existing on the 30th June 1940 as many as 608 societies are converted and 1,913 societies registered on share basis. Every member of a share society has to purchase a share of Rs. 5 for a loan of Rs. 100 or a fraction thereof up to a maximum of Rs. 50. These shares are generally payable in 5 annual equal instalments. Fifty per cent of the paid up share capital of the societies has to be invested in the shares of the Central Bank to which the societies are affiliated. The total paid up share capital of these societies amounted to Rs. 1,81,722 on the 30th June 1940.

The primary credit societies are permitted to accept deposits from members and non-members subject to the condition that they are repayable at the convenience of the societies concerned and not on demand or on fixed dates. The total deposits of members and non-members held by the rural credit societies on the 30th June 1940 amounted to Rs. 1,01,887 and Rs. 9,936 respectively. The rate of interest payable on members' deposits does not exceed that charged by the local Central Bank on its loans to societies, while that on non-members' deposits does not exceed the rate of interest offered by the local Central Bank on fixed deposits for one year, by more than $1\frac{1}{2}$ per cent.

The reserve and other funds of the societies on the 30th June 1940 amounted to Rs. 14,34,871. It will thus be seen that the owned capital of the societies composed of the share capital and the reserve and other funds works out to 34.8 per cent of the total working capital amounting to Rs. 47,79,216; but taking into account the members' deposits which form the local capital of the societies, the percentage is nearly 36 which is a very encouraging feature of these societies.

The highest amount of loans outstanding against members of the working societies since the beginning of the movement was Rs. 67,48,403 in the year 1920-21. But since then, the societies' outstandings against their members have been on the decrease as a result of weeding out of defaulting members and in the year 1935-36, these loans stood at a figure of Rs. 46,73,716. Further in this year several restrictions were placed on the grant of loans to members by the rules under the Act, without reducing, however, the sums required for their agricultural and domestic needs. These useful checks on the members' borrowings led to a further reduction in the total outstandings which came down to Rs. 36,29,414 on the 30th June 1940, despite the increase in the number of societies and members. The total number of societies and their members rose from 3,052 and 41,842 in 1935-36 to 3,755 and 49,430 in 1939-40 respectively. Of the total outstandings of Rs. 36,29,414 on the 30th June 1940, debts aggregating to Rs. 16,05,866, of about 44.2 per cent, were overdue of which Rs. 4,78,645 and Rs. 3,14,611 were classified as bad and doubtful respectively. Of the total debts, Rs. 5,47,008 are under coercion, being the amount due from members under awards. In addition to the loans against members of working societies, an amount of Rs. 20,06,616 is due from members of societies

under liquidation. This means that out of the total loans of Rs. 56,36,030 due from the members Rs. 25,53,624 or 45.3 per cent are being recovered through coercive processes. The average loan per member in the working societies is Rs. 73. It may also be noted that the total loans of Rs. 56,36,030 against the agriculturists in the movement form only 2.5 per cent of the total indebtedness of the Province amounting to Rs. 21,29,64,410 as estimated by the Central Provinces Banking Enquiry Committee.

The rural credit societies grant short and intermediate-term loans to their members for the (1) purchase of seed; (2) cultivation expenses; (3) purchase of bullocks and plough cattle; (4) purchase of agricultural implements and machinery; (5) purchase of land; (6) improvement of land; (7) housebuilding and repairs; (8) payment of old debts; (9) marriage and other ceremonies; and (10) other purposes. Loans are advanced mostly for the first three purposes mentioned above and they were 59 per cent of the total loans granted during 1939-40. Loans for the purchase of lands and repayment of old debts are very sparingly given and these were less than 6 per cent of the total advances made during 1939-40. The maximum period of repayments is fixed in the bylaws at four years but in practice it is generally three years.

The rates of interest charged by central banks to their affiliated societies on loans range between 6 and 8 per cent per annum. But under a scheme called the 'Reserve Fund Scheme' societies are permitted to mix up in their working capital that portion of reserve fund which is in excess of 20 per cent of their normal working capital. Interest earned on these reserve fund investments is allowed to be utilized by the societies under the scheme to cheapen the rate of interest charged by them to their members. In view of the economic depression for the last 6 years, the concession of utilising interest on reserve fund investments is extended to all societies whether they are eligible for the scheme or not. As a result of this concession, the reduced rates of interest charged to members vary from 4 to 9 per cent.

On the recommendation of a sub-committee of the C.P. and Berar Co-operative Federation in the year 1928 the group system was introduced for education and supervision in 1929. Under this system, societies under the central banks were divided into groups of 40 to 50 societies. These groups of societies are placed in charge of group officers for the purpose of education, supervision and writing of accounts. These officials are employees of the Divisional Institutes concerned. They are required to work under the local supervision and education committees of the banks concerned.

RURAL CREDIT SOCIETIES IN BERAR

The total number of primary societies with limited and unlimited liability in Berar was 680 on 30th June 1940, while 3,756

were in the Central Provinces. A description of the working of the rural credit societies in Mekhar Taluk alone is given below. Credit societies were organised in the area of the Mekhar Central Bank by official and non-official agencies. The following table shows the progress of the movement in the first six years from its inspection.

Year.	Number of Societies.	Number of Members.	Loans advanced. Rs.	Repayments. Rs.
1913-14	6	67	20,440	20,440
1914-15	6	78	11,041	6,945
1915-16	13	169	21,372	327
1916-17	25	372	54,427	901
1917-18	31	551	72,994	nil
1918-19	51	782	1,54,994	79,626

The beginning was very encouraging and their progress was more rapid than the expansion of the movement itself. However signs of weakness were visible in the second year itself when overdues stood at a high figure. During the post-war period the prices of cotton and other agricultural commodities soared up and there was a plethora of funds with the Bank. The cultivators were also in a position to liquidate their liabilities. This is reflected in the following statement of repayments made by societies in the Mekhar Taluk.

Year.	Advances.	Recoveries.
	Rs.	Rs.
1924-25	1,51,538	1,50,612
1925-26	1,30,944	88,254
1926-27	1,07,873	1,01,382
1927-28	1,38,895	2,27,434
1928-29	1,70,901	1,72,557
	7,00,151	7,40,239

Money was lying idle with the apex bank and it was exploring avenues for investments. Attention was focussed on fresh organi-

zation and financing of societies for redemption of old debts. There was also a marked improvement in cash recoveries and members repaid the loans advanced to them. But the opportunity was not availed of to clear the overdues.

By 1927-28 the wizard of economic depression had begun to raise its head. The prices of agricultural commodities began to decline slowly and gradually and consequently cash recoveries also did not come up to expectations. For about a decade the economic depression persisted. The Mekhar Central Bank embarked upon a campaign of the pruning of bad and unco-operative societies and the societies in their turn undertook a vigorous drive to weed out bad members. Overdues were mounting up by capitalization of interest and abysmal fall in recoveries. In 1934-35, 615 members in the Mekhar Taluq made total repayments of Rs. 16,338 to their societies. Prices of commodities and land had reached the rock-bottom level. With a view to give some relief to the members steeped in debt, enquiry was held in the area of the Mekhar Bank to ascertain the bad debts to societies. Awards and liquidation were the order of the day and the Bank and societies came in possession of large areas of land. The acquisition of land created fresh problems and landed all co-operative institutions in difficulties which defied all solution. The Mekhar Central Bank was alive to this situation and tried to mitigate its rigour by postponing the sales of land and agreeing to conciliate the debts of members through debt conciliation boards set up by the Government. The remedy was not a very effective one but it gave breathing time to the borrowers till the situation improved. Nearly 200 members applied to the debt conciliation boards involving a total debt of Rs. 2,39,013. The boards conciliated the debts due by 96 members involving Rs. 81,340. A sum of Rs. 3,770 was scaled down and the members were allowed to pay the amounts in instalments.

Another bold step taken by the Bank to save the movement from a crisis was the policy of selling the lands immediately after they came into possession and the success it achieved showed that the step taken was prudent. The Mekhar Bank has successfully weathered the storm and continues to propagate the gospel of co-operation for the uplift and amelioration of the masses.

The experience of over a quarter of a century of the working of the movement has laid bare certain defects which require immediate attention. Lack of local leadership has made the working of societies in the villages dependent on outside agency. Spoon feeding from the very inception has marred all initiative and progress and has rendered them incapable of looking after their own well-being.

B. CENTRAL BANKS IN THE CENTRAL PROVINCES

The first co-operative bank that was established in the Central Provinces was what is known as the Crosthwaite Central Bank at Sihora,

tahsil Sihora, district Jubbulpore. It was registered in 1906-1907. It undertook the functions of financing, supervising, educating and controlling rural societies working in the Sihora tahsil and served as proto-type for other banks that were registered later. Another bank was organised at Betul almost in the same year. Gradually as the number of rural societies increased and as the need for an agency to supply them with finance was more increasingly felt, central banks were organised in different parts of the province. By the year 1918 all districts of the province were covered by central banks. The last bank that was registered was the Warora Central Bank. It was organised with a view to meet the needs of the agriculturists of the Warora tahsil in the Chanda district. The total number of central banks in the Central Provinces is 23, of which 14 are located at district headquarters and the rest at taluq places. Five central banks, viz., those at Hoshangabad, Piparia, Jubbulpore, Katni and Chhindwara have suspended payment of liabilities and come under Section 42-B, and their creditors have accepted finally arrangements for the repayment of liabilities within a maximum period of twenty years. The remaining 18 banks continue to function normally.

The banks in the Central Provinces are of the mixed type, both individual shareholders and societies being admitted as members. In all banks except those under Section 42-B the supreme power rests in the annual general meeting of the shareholders which elects a board every year and the latter in its turn forms a working committee. The bylaws of central banks have been so amended that defaulting societies or their members do not get any representation on the board or working committee and have no voice in the management of the bank. Presidents and Vice-Presidents are always elected in the annual general meeting of the shareholders of the bank. Secretaries are sometimes appointed by the Board even from outsiders with a view to ensure the co-operation of efficient persons who do not like to face the vagaries of elections.

In banks to which Section 42-B has been applied, a committee of management has been formed under the terms of the arrangements accepted by their creditors. The President of the bank is elected by the committee of management out of its members while the Secretary or Secretaries are appointed by the same committee either from amongst themselves or from outsiders. In some of these banks no Secretaries have been appointed. The object in introducing the new form of management in these banks was to give representation to depositors and the Provincial Bank who were their creditors. Up till now the creditors of central banks had no representation on the management and it was considered advisable to allow them to have a voice in the management in order to ensure efficient working of the arrangements accepted by them for the repayment of their own dues.

The four main sources of working capital of central banks are shares; deposits; loans; and funds formed out of the profits of banks. On 30th June, 1940 their financial position stood as follows:—

		Rs.
Shares	..	9,63,550
Deposits	..	45,25,179
Loans	..	6,67,968
Reserve Fund and other funds (including provision for bad and doubtful assets)	..	23,30,443

Shares in banks are held by individuals, affiliated societies, members of affiliated societies, and the Provincial Co-operative Federation. In the beginning shares of central banks were raised only from individuals either residing in the headquarters of banks or from prominent persons in the interior. With the object of making the constitution of banks democratic, the system of societies purchasing shares in central banks was introduced in 1912-13. Later on, members of affiliated societies were also required to purchase shares of central banks in proportion to the loans which they borrowed from societies. The Provincial Co-operative Federation of banks was organised in 1912-13 for providing organised supervision to the co-operative movement. When this federation was organised, banks were instructed to make contributions to it which were in the shape of shares to be allotted to the federation. This explains the fact of the federation holding shares in every bank in the province. The federation is not represented in any of the meetings of the bank, is entitled to get dividend on these shares, which now forms one of the items of its annual income. The value of the shares varies from Rs. 5 to Rs. 25. The system of giving preferential shares does not obtain anywhere. Generally societies and their borrowing members are required to purchase shares of the central bank of a smaller denomination and a distinction is made between shares to be held by individuals and those to be held by societies and their members. In no banks are there any arrears of share capital nor is there any provision for reserve liability on account of the value of shares. In a large number of banks the maximum upto which an individual can hold shares in his name is fixed at Rs. 5,000 by a special order of Government. The liability of shareholders does not extend beyond the face value of shares held by them. The dividend that can be declared by a bank is limited to 6 per cent under the rules framed by Government under the Co-operative Societies Act. During the year 1939-40, 11 out of 23 banks declared dividends which varied from 2 to 5 per cent.

All the central banks accept deposits both from members and non-members. As regards non-members' deposits, there is no restriction in respect of the area from which banks can take deposits. In fact in several of these banks deposits have been made by persons residing outside the province. There are three kinds of deposits accepted by banks fixed, savings and current.

The periods for which fixed deposits are accepted and the rates of interest payable on them vary from bank to bank. As a general rule banks do not accept deposits for more than ten years and the rates of interest varied from 2 to 4½ per cent in 1939-40. The maximum rate

of interest fixed by the Registrar for this class of deposits is now 4 per cent. Subject to this limitation, the maximum rates of interest on deposits accepted by central banks are not allowed to exceed the rates offered by the Provincial Co-operative Bank on deposits for similar terms by more than $\frac{1}{2}$ per cent.

The maximum limit upto which savings deposits can be made by an individual in one account varies from bank to bank, and from Rs. 2,000 to Rs. 10,000. Restrictions have also been placed on the net deposits which an individual can hold in one co-operative year in his account on the period of notice required for withdrawals. Savings deposit accounts are not allowed to be used as current accounts. The maximum rate of interest which has been fixed by the Registrar, Co-operative Societies, for this class of deposits is 2 per cent.

As a general rule, central banks are not allowed to open current accounts for the simple reason that it requires expert knowledge of banking to handle such accounts. Only in the case of a few banks such as Bilaspur and Chhindwara banks permission has been given by the Registrar to open current accounts. The former bank is considered to be one of the banks most efficiently managed in this province. As regards the latter, the bank was allowed to open such accounts only as a trial.

In banks under section 42-B, payments of deposits of all the above three classes are now regulated by the terms of the arrangements accepted by their creditors. All deposits are made payable in the maximum period of twenty years. The rate of interest is 2 per cent on deposits. In savings and current accounts in some of these banks the stipulated rate before the arrangement came into force was less than 2 per cent. This rate will be continued even under the arrangement.

The banks are required to maintain fluid resources in the following proportion :—

Fixed deposits for	one year	..	1/3rd
"	"	..	1/6th
"	"	..	1/9th
"	"	..	1/12th
"	"	..	1/15th

Until recently central banks were maintaining cover for fixed deposits falling due during the next twelve months to the extent of 33 1/3 per cent thereof. As a result of the crisis that overtook some of the banks, the standard of fluid resource has been raised as indicated above. Banks have been instructed to bring the above standard into force from the 1st January 1940. As regards savings deposits all banks are required to maintain 50 per cent cover. The cover required for current accounts is cent per cent. On 30th June 1940, 16 out of 23 banks maintained cover according to the standards laid down by the department. The remaining banks have been

warned to make good the deficit in the standard cover by effecting recoveries more vigorously.

In banks under section 42-B the above standards of fluid resource are now no longer observed because all deposits have been made repayable in a maximum period of twenty years. The realisations made by these banks are kept apart and are utilised from year to year for making pro rata payments to creditors, after meeting all the necessary charges for running the affairs of the banks.

All the banks are affiliated to the C.P. & Berar Provincial Co-operative Bank, Nagpur. Whenever necessary they borrow from that apex bank and also deposit their surplus funds. There is no inter-lending amongst the banks. On the 30th June 1940, two banks, namely, Sihora and Sohagpur (Piparia), owed to the Provincial Bank Rs. 3,34,690 and Rs. 1,52,665 respectively. Eight more banks were indebted to the Provincial Bank for amounts varying from Rs. 1,186 to Rs. 54,654. The rate at which central banks have borrowed money from the Provincial Bank is 4 per cent for ordinary loans and $4\frac{1}{2}$ per cent for overdue loans. Loans of the Provincial Bank outstanding against Jubbulpore, Murvara and Sohagpur banks have now been made repayable in a period of twenty years according to the arrangements confirmed under section 42-B. The Sihora Central Bank which owes the largest amount to the Provincial Bank is in negotiation with the latter for the fixation of long term instalments for the repayment of the loan. Loans owed by other banks to the Provincial Bank are comparatively small as already indicated above and can be repaid without difficulty.

The proportion of paid-up share capital and reserve fund to the total liabilities consisting of deposits and the Provincial Bank loan in the different central banks varies from 13 per cent to 89 per cent. The average works out to 35.3 per cent of the total liabilities. In the Belaghat bank the share capital and reserve fund exceed outside liabilities.

At present central banks employ their funds in advancing loans to registered primary co-operative credit societies and in inland exchange business. Only those banks which have got qualified staff and surplus funds are allowed to do inland exchange business which mainly consists of encashing cheques and issuing cheques for remittance of money from one place to another. Banks are not allowed to discount hundies. Some banks are allowed to work as agents of insurance companies with a view to enable them to earn commission and augment their income.

Central banks finance all registered societies affiliated to them, whether they are agricultural or non-agricultural. On 30th June 1940 the number of agricultural credit societies affiliated to these banks was 3,761, that of non-agricultural credit societies 113 and others 33. The total loan outstanding against all indebted societies was Rs. 45,88,616. Out of this amount, Rs. 32,00,876 were overdue. In all banks except Raipur, Bilaspur, Drug, Bhandara and Brahmपुरi the overdues were very heavy.

All central banks annually fix credit limits for affiliated societies, subject to the check limits fixed by the Registrar, Co-operative Societies. Loans are issued to societies only up to the maximum credit limits fixed for them. Though in the past loans were advanced by central banks for both short and long terms, it is now a general practice that loans are advanced only for short and intermediate terms not exceeding four years. The maximum period for which central banks hold deposits is generally 5 to 7 years and efforts are being made by banks to correlate the period of loans to the period of deposits. On account of the unprecedented and long period of economic depression which lasted from 1930 to 1939, loans involved in societies in the areas of several banks have practically become long term ones. A system of granting cash credits to societies is practically absent in all banks. Unlike other banks and societies which borrow as and when funds are required, in Chhattisgarh banks the general practice is to issue loans once a year as that system is found convenient to borrowing members of societies. Recently the Provincial Bank has announced its policy that for banks under section 42-B it will agree to advance loans for financing existing societies not on pronotes as in the case of other banks but only if mortgages of lands are taken from members of societies and assigned to it. Direct financing of new societies is done on similar terms. In the Central Provinces occupancy lands which till recently were not saleable, have been made saleable at the option of tenants. They are not saleable by creditors but in the case of co-operative societies an exception has been made. If societies do not take mortgages of occupancy lands from their members, they stand the risk of losing, if members transfer their occupancy lands because they have not got the right of attaching and selling occupancy lands unless they are mortgaged to them.

During the last five years all central banks have made efforts to reduce the rates of interest chargeable to societies and their members consistently with their financial stability. The rates of interest chargeable to societies varied from 6 to 8 per cent in all the banks during the year 1939-40. All the members of societies which have got reserve funds are again given the advantage of the interest earned on reserve funds and the rate of interest charged to them is cheapened to the extent of interest so earned. As a result some members are required to pay only 4 per cent on the loans due by them.

Recoveries are very good in central banks in southern C.P. In northern C.P. they are fairly good in Harda and Khandwa banks where cotton is one of the crops raised by members. In the remaining banks, recoveries are not up to expectations partly on account of partial failure of harvests and partly on account of the contumacy of indebted members. A large number of societies in northern C. P. are under liquidation. A fairly large number of members in those banks are under awards. Coercive proceedings have been taken on a large scale in this part of the province and circle auditors of the department at several places are invested with revenue powers for effecting recoveries promptly. In the

three Chhattisgarh banks, namely, Raipur, Bilaspur and Drug, repayments in some cases are reported to be fictitious, but inspections by officers of the department show that the percentage of fictitious recoveries is very small.

Reserve Fund.—Old banks have built up adequate amounts of statutory reserve fund as required by the Act. All this reserve fund is generally invested with the Registrar who in his turn invests it with the Provincial Bank. The latter is required under an agreement between it and the Registrar to maintain a full cover for such deposits in the form of Government securities, Port Trust bonds, debentures and short term deposits with approved banks:

Some banks have been forced to set apart a portion or the whole of the reserve fund of the bank to provide for bad and doubtful debts to be recouped from collections of doubtful debts to the extent possible. In banks under section 42-B reserve funds have almost been completely wiped out for making payments to their creditors.

The total amount of other funds created by banks out of profits was Rs. 14,60,016 on 30th June 1940. These consisted of bad debt fund, dividend equalisation fund, building fund and other funds and provision out of unrealised profits. In several banks which have got heavy bad and doubtful debts, these funds have been locked up. As against this, except three banks, Warora, Saugor and Nimar, all other banks have got buildings of their own. The construction of these buildings has considerably enhanced the reputation of these institutions, though unfortunately banks even with their own buildings were compelled by the force of circumstances to come under section 42-B.

As already stated, 5 out of 23 banks are under section 42-B and have made arrangements with their creditors for paying off their claims within a period of twenty years. Out of the remaining 18 banks, those at Raipur, Bilaspur and Drug are the best in the province, the Brahmachari and Harda being the next best. In the area of these banks new societies are being formed and adequate fresh financing is done on the basis of repaying capacity. The Balaghat bank is financially sound but the work of organising new societies is not progressing as rapidly as it should. Out of the remaining, the condition of two or three banks is rather far from satisfactory and every attempt is being made to see that these banks tide over the temporary difficulty of meeting withdrawals of deposits by loans from their reserve funds or completely utilising their fluid resources. In the rest of the banks efforts are being made both by the banks and the department to push on the work of reorganisation of societies with a view to bring the debts of members within their repaying capacity, write off all irrecoverable debts and settle cases of bad and doubtful debts and admit new members to societies with a view to set the movement on a proper footing.

Out of the five banks under section 42-B, enquiries into the working of affiliated societies have been finished in the area of operations of two of them by Government staff, as provided in the arrangement ac-

cepted by the creditors of these banks. Debts of members of societies have been brought within their repaying capacity and instalments ranging from 1 to 20 have been granted to them. The assets of the banks have been revalued and their balance sheets have been reconstructed. The net loss which is to be borne by creditors has been worked out and shortly the rehabilitation proposals will be implemented.

CENTRAL BANKS IN BERAR

There are 13 central banks in Berar. Almost all these banks are now in a state of financial insolvency. Deposits to the extent of Rs. 65 lakhs and Provincial Co-operative Banks' loans to the extent of Rs. 35 lakhs are involved in the central banks in Berar. An exhaustive article dealing with the problems of these central banks has been given above.

C. PROVINCIAL CO-OPERATIVE BANK

The Provincial Bank was started in the year 1912 at Nagpur. Its main object is to finance the various central banks and other co-operative societies and also to serve as a balancing centre for the funds of the movement.

Besides accepting deposits for fixed terms and opening savings bank and current accounts, it advances loans on the security of its own fixed deposit receipts, Government Paper and other gilt-edged securities, house-property, gold and silver ornaments and bullion, agricultural produce and life policies of approved insurance companies including the postal insurance. It also collects bills and hundies for its customers and issues drafts on out-stations and thus earns a decent income from inland exchange. It also offers safe custody facilities for valuables, which are accepted in sealed boxes and lockers. It sells and purchases Government securities and shares for its customers—members or otherwise—and collects pension bills, the number of pensioners on its running list being at present about 360. Recently, it has been, through the medium of its pay office at the Narsinghpur sub-division, getting the business of discounting hundies of approved persons subject to the limits prescribed by the Registrar. This sub-division is also the main centre of our activities in respect of advances on security of grain, agricultural produce, gold and silver bars or ornaments etc. Besides this pay office, it has also a branch in Nagpur itself, which is very helpful in attracting funds from the investing public.

In the year 1934-35, the Bank has taken upon itself the responsibility of financing long term loans to mortgage banks and since December 1935 has also entered into an agreement with the Government to float debentures with a view to place the finance at the disposal of these banks. This bank has been authorised to raise such money to the maximum limit of Rs. 50 lakhs, both the interest and the principal whereof have been guaranteed by the Government for 10 years commencing from 1935. The Bank has so far floated six series of debentures of the aggregate value of Rs. 15 lakhs. All the series have been well received.

ed by the public. The number of land mortgage banks operating in the Province at present is 21, with Rs. 13,79,020-9-1 as loans outstanding against them. This Bank will continue to play the role of a Central Land Mortgage Bank until one comes into existence.

The Bank is a member of the Clearing House. Despite the recent crisis in the Province as a whole and Berar in particular, the Bank has not failed in its duty as an apex bank in helping the agriculturists of the province, though it has confined its activities to short term loans. The financial position of the Bank can be gathered from the statement of affairs as on 30th June 1941 given elsewhere.

The affairs of the Bank are controlled by a Board of Directors, consisting of representatives from each of the central banks in the Province, five members representing all the land mortgage banks and the Registrar, Co-operative Societies, representing the Government. The financial secretary to Government is also an ex-officio member of the Board in respect of matters relating to the land mortgage banks' business. The Board each year delegate all their powers to a Managing Committee consisting of eight members including the Registrar, ex-officio. Two more members sit on the Committee, whenever the business of the land mortgage banks is transacted.

The Managing Committee further delegate all their powers to the Chairman, Sir M. G. Deshpande, K.B.E., who is also the Managing Director of the Bank and has been enjoying this office for the last twenty-one years continuously. The daily routine of the Bank is managed by the Manager of the Bank, Mr. G. A. Bhonsule, and its Assistant Managers Messrs. D. G. Landge and M. S. Sheorey.

The Bank has of late been appointing young graduates and training them in commercial and urban banking. Due to the financial crisis in nine central banks in Berar and four in C. P., the Bank felt the necessity of opening new avenues for its activities and has now decided to open branches of its own at important centres in the Province. The graduates when trained will be offered responsible posts in the management of the branches. One of the trained graduates is already managing successfully the Bank's Pay Office at Narsinghpur.

The Bank has maintained a fairly big library containing books on commercial and other subjects for the benefit of the staff and outsiders, who are allowed to make use of it freely. The Bank subscribes for a number of periodicals too.

The Bank long ago felt the necessity of investing its heavy surpluses, which it utilized in organizing and financing land holders', grain dealers' and housing societies, which are located in different parts of the Province. Two societies were organized at Narasinghpur and a few housing societies at Akola and Amraoti and one at Nagpur. The last one was founded and organized by the Manager of the Bank itself and is now the best of its kind. The Bank has also recently financed one multipurpose society.

The Bank has been able to attract deposits from public bodies such as Municipal and Local Boards, since the year 1928, when the Government placed the Bank in the approved list and have thereby shown their confidence in its soundness and stability.

THE C. P. AND BERAR PROVINCIAL CO-OPERATIVE
BANK, LTD., NAGPUR

Statement of affairs as on 30th June 1941.

Assets

	Rs.
1. Cash in hand and at Bankers ..	5,34,838
2. Fixed Deposits with Co-operative Banks earmarked against the Registrar's Deposits ..	2,00,000
3. Fixed Deposits with Co-operative and Commercial Banks other than above ..	28,55,000
4. Government and other securities earmarked against Registrar's Deposits (Market value Rs. 38,08,572) .	35,35,889
5. Government Securities representing Reserve Fund.	5,25,417
6. Government Securities pledged with other Banks ..	1,50,000
7. Government and other Securities other than those mentioned against Nos. 4, 5, and 6 ..	30,768
8. 3¼% P.B.'s Debentures III series ..	38,000
9. P. B.'s fluid resources deposited with the Registrar, Co-operative Societies, C.P. & Berar ..	11,97,220
10. Loans and Cash Credit due by Central Banks and Societies ..	40,58,362
11. Loans due by individuals ..	7,36,553
12. Building, furniture and fittings with extension ..	82,607
13. Interest accrued to the Bank ..	4,07,316
14. Other items ..	1,562
Total ..	<u>1,43,53,532</u>

Liabilities

	Rs.
1. Share Capital ..	5,09,430
2. General and other Reserves ..	15,40,172
3. Fixed Deposits from Central Banks and Societies ..	8,09,138
4. Fixed Deposits from persons other than above ..	37,96,733
5. Ten Years Silver Jubilee Bonds (Face value Rs. 3,38,600) ..	2,68,727
6. Savings Bank Deposits ..	16,47,106
7. Current Deposits ...	7,06,936
8. Registrar's Deposit (Representing partly Reserve Fund of Central Banks and Societies and partly Fluid Resource of Central Banks and Provincial Bank) ..	39,56,449
9. Registrar's Loan Deposits ..	5,15,098
10. Registrar and Trustee's Sinking Fund Deposit ..	53,834
11. Land Mortgage Bank Department Account ..	51,806
12. Provident Fund of P.B. and C.B. Employees and other like funds ..	3,90,207
13. Sundry Creditors ..	4,194
14. Interest due by the Bank ..	75,240
15. Other items ..	6,473
16. Balance of profit* ..	21,984
Total ..	<u>1,43,53,532</u>

D. LAND MORTGAGE BANKS

A few years ago, co-operative opinion in the Central Provinces and Berar was much exercised over the old debts of big land holders and establishment of land mortgage banks was thought to be one of the potent remedies for their regeneration. The Co-operative Department also was not slow to move in this direction. The question was eventually discussed in the Berar Co-operative Conference held at Khamgaon in the year 1927. Soon after, a fully representative Committee was appointed to investigate the question.

* Profit of the Bank's Land Mortgage Department not added.

The Committee investigated the question and reported in January 1929. The objects of these banks are to grant loans for the redemption of the lands of agriculturists, for improvement of land and methods of cultivation and for liquidation of old debts. The revised bylaws have included, as one of the objects, the purchase of land so as to consolidate the holdings or to secure more efficient economic cultivation.

It, however, took four long years before the primary land mortgage banks, one at Mekhar, and the other at Amraoti could be started. These banks, thus came into existence in 1932-33 though they did not commence work till the year following it. Towards the close of the year 1934-35 eight banks, those at Nagpur, Bhandara, Raipur, Seoni, Narsinghpur, Sinora, Yeotmal and at Basim were organised.

To start with the progress of these banks was rather slow. There was no dearth of applications in these banks. The great majority of the applicants for loans were not eligible for loans as they were overindebted and their assets and annual income were not such as would leave them enough margin of surplus for paying annual instalments.

The year 1934-35 saw the framing of the Central Provinces Land Mortgage Banks Bill on the basis of Madras Land Mortgage Banks Act. A new arrangement was arrived at between the Provincial Bank and Provincial Government whereunder the Government guaranteed the principal and interest on debentures to the extent of Rs. 50 lakhs issued in the course of 10 years commencing from the date of the execution of the Trust deed on the 7th December 1935. This gesture on the part of the Government created confidence in the minds of investing public. The period of repayment of loans was extended to twenty years from that of sixteen years as originally proposed by the Committee. Similarly, the minimum limit of individual loans was reduced from Rs. 500 to Rs. 250 in the Central Provinces and to Rs. 300 in Berar and the maximum limit of the same was raised from Rs. 5,000 to Rs. 10,000.

In 1935-36 the land mortgage banks showed rapid progress. The Provincial Bank began to function as a Central Land Mortgage Bank. As the business of the Provincial Bank exceeded one lakh this year, it floated its first series of debentures of Rs. one lakh at 3¼ per cent. The response given by the public was remarkable. The series was over-subscribed to the extent of Rs. 2,50,000 within a week from the date of issue. Consequently the debentures had to be allotted pro-rata.

In September 1941 the first conference of land mortgage banks in the province which was held at Nagpur under the auspices of the Provincial Bank passed a resolution in favour of establishing a separate Central Mortgage Bank for the Central Provinces and Berar.

The co-ordination of the work of land mortgage banks and debt conciliation boards was also urged at the Conference. Some of the decisions arrived at the conference were that the area of operation of each bank should be a revenue district, that other things being equal, a loan application may not be rejected because the applicant has occupation other than agriculture and that the Government should subsidise the primary banks for the first three years.

In 1936-37 two more banks were added to the existing number. The year 1938-39 saw the addition of another two banks, one at Hoshangabad and the other at Betul. The total number thus reached twenty-one. The position is summed up below:

Year	Number of banks	Loans outstanding
		Rs.
1933-34	2	11,706
1934-35	2	29,290
1935-36	10	1,35,877
1936-37	14	3,59,553
1937-38	19	6,63,068
1938-39	19	10,88,540
1939-40	21	12,57,796

The Provincial Bank—Land Mortgage Banks Section—has advanced till 15th June 1941 a sum of Rs. 16,22,423 from its inception out of which it has recovered Rs. 2,24,450.

The second conference was held at Nagpur on 30th September and 1st October 1940. Proposals for legislation to amend the Registration Act and the Central Provinces Relief of Indebtedness Act and some other matters were discussed. The Provincial Bank has been functioning and will function as a Central Mortgage Bank till the latter is formed. The loans are first advanced to the primary land mortgage banks by the Provincial Bank at 5 per cent from 10th January and the primary banks advance them to the individual borrowers at 7 per cent. These banks have to be in close touch with the individual borrowers. The loan is repayable in twenty equated instalments.

The chief source of funds for land mortgage banks is the issue of 25 year debentures by the Provincial Bank. These debentures are secured by the first mortgages of the lands of members. These mortgages are assigned to the Provincial Bank by the land mortgage banks. In the beginning, the Government had guaranteed the payment of interest but under the new scheme that was arrived at in March 1935 the Government guaranteed the payment of both principal and interest. This help from the local Government inspired confidence in the public. The Government has undertaken such a guarantee to the extent of Rs. 50 lakhs as stated elsewhere. Six series of debentures to the face value of Rs. 15 lakhs have been issued so far.

In order to ensure the redemption of the debentures the authorities of the Provincial Bank have started a sinking fund since 1940. The Bank holds Rs. 1,32,660 in the fund to-day.

The co-operative movement, in this province, has received a serious set-back and the business of land mortgage banks is not free from its repercussions. They have lowered their rates of interest and are otherwise more accommodating to the debtors than before. There are also

other forces to be reckoned with. Out of the two important parallel institutions for dealing with old debts of agriculturists, the Debt Conciliation Boards and Land Mortgage Banks, the former have obtained ascendancy over the latter.*

While the problem of overdues is not unknown to the land mortgage banks, the banks are taking timely action to nip the evil in the bud. A provision has been made in the Central Provinces Land Mortgage Banks Act, 1937, to recover the defaulted instalments only, under section 10 and if necessary to recover the whole loan outstanding under section 14 without the intervention of the Court.

The Land Mortgage Movement has received financial support from the local Government in the shape of subsidies to land mortgage banks for the first three years of their establishment. Further the Government have amended the Tenancy Regulations of the Central Provinces so as to confer transferability on occupancy lands in favour of land mortgage banks. The facility has also been recently extended in favour of ordinary co-operative societies. A further facility has been offered quite recently whereunder *Khudkast* and *sir* lands can also be mortgaged with greater ease.

The *Mekhar Land Mortgage Bank* was founded in the year 1933. It actually started work in 1934. The jurisdiction of this Bank was over two taluks *Mekhar* and *Chikhali* of the *Buldana District*. The number of borrowers is 127 and the loan outstanding against them is Rs. 1,24,625 as on 31st May 1941. The Bank is making profit for the last 3 years and has decided to distribute dividend this year.

The following are the difficulties experienced in the working of these Banks.

(i) The directorate of the Bank has no power under the revised bylaws to sanction loans. The present limit of loans is from Rs. 150 to Rs. 10,000. Even applications from Rs. 150 to Rs. 300 cannot be sanctioned by the directorate though unanimously passed by the Board and recommended by the valuer. Every application after being sanctioned by the Board of Directors has to pass through the Assistant Registrar, Senior Deputy Registrar, Registrar and the Managing Director of the Provincial Bank.

(ii) A number of cases have been rejected even though their instalment amount was equal to the land revenue of the debtor. The honorary workers and the department do not see eye to eye on the point of repaying capacity which is over-worked. In order to expedite business and inspire confidence in the minds of the borrowing members this Bank

*See *Land Mortgage Banks in Central Provinces and Berar* by Sir M. G. Deshpande, *Indian Co-operative Review*, Vol. VII, p. 293.

insisted on the department to make it a convention of sanctioning loan applications in which the instalment is equal to the land revenue paid by the debtor. Though this was accepted in principle, yet it has not been followed in practice. This has seriously affected the flow of business.

(iii) Past history of repayments is another consideration on which majority of applications are thrown out. The last 10 years particularly in Berar have been continuously bad years from the point of production and prices.

(iv) The applicants that approach the Bank are persons with sufficient assets and resort to the bank as financial accommodation is not available elsewhere. Mortgage is generally looked upon as derogatory to the credit of a man with means. But they are coming out of necessity. There are instances in which debtors prefer to repay the loans by disposing of certain part of the property, if it can fetch good price.

(v) Almost all the landed assets and house property are taken as security. The rule lays down that the assets should be double in value, of the loan advanced. The statistics of the Bank reveal that the assets taken in mortgage are between 3 to 4 times the loan advanced. This is excessive. The argument advanced in taking such excessive security is that, as the borrower's old debts are being fully paid off by the creditor Bank, the borrowers should have no objection in giving as security his whole property, as he has not to meet any outside liability. The debtors have to accept all these conditions helplessly. The Bank does not advance cash to the member to meet his current needs or cultivation expenses. The argument advanced is that his repaying capacity is arrived at, after deducting cultivation expenses. The debtors have always to borrow petty sums and the valuer at the time of revaluation remarks that he has borrowed petty loans without the knowledge of the Bank and has thus violated the by-laws and is liable to coercive action. All this, though very legal according to the letter of the law, is not practical politics and sound co-operation.

(vi) According to the departmental circulars no land mortgaged can be sold without the permission of the Trustee.

(vii) The departmental circular lays down that the seller should deposit the sale amount in full with the Bank. The applicant accepts this condition; the Bank, while giving permission to sell the property generally sees that it is not sold below the valuation price. The application is forwarded to the valuer and he forwards the same to the Department. Permission to sell is not received generally within two months of the date of application. This is causing unnecessary irritation and creating suspicion in the minds of the borrowers.

(viii) The banks do not receive notice from the revenue authorities regarding the sale of land mortgaged with the Bank for default in payment of land revenue. This has caused much inconvenience and in some cases has led to serious loss.

(ix) There is inordinate delay, generally six months or more, for the final disposal of the loan applications from the date of receipt. This delay is further lengthened, as now, two banks are put in charge of one valuer.

(x) If the loan is not sanctioned in time to meet the purposes for which it was applied the applicant either withdraws the application or refuses to take a loan. Under the by-laws if the applicant refuses to take loan he is fined. This is a strange punishment for no fault of the applicant.

(xi) A serious trouble regarding the mode of accounting has arisen between the primary land mortgage banks and the Provincial Bank which is the Central Land Mortgage Bank in the Central Provinces and Berar. The Central Land Mortgage Bank maintains two sets of accounts one for individual borrowers of the primary land mortgage banks and the other for the Central Land Mortgage Bank at two different rates of interest. The figures of outstanding loans against the members of the primary land mortgage banks generally do not tally with the figures of outstandings against the same member in the Central Land Mortgage Bank. The difference in the rates of the interest has been pointed out as the reason for the above discrepancy.

E. URBAN BANKS

Co-operators in other parts of India would be surprised to learn that there are practically no urban banks on co-operative basis in the Central Provinces. There have been only a few credit societies for salary earners. Their membership and working capital are meagre. It is only recently due to the initiative taken by the Berar Co-operative Institute, that a Peoples' Co-operative Bank was registered at Amraoti.

In 1936 the Central Board of the Institute deputed its Inspector and two other officers to study the working of co-operative urban banks in the Bombay Presidency. This small deputation submitted its report and recommended strongly the organization of four urban banks at suitable centres in Berar. This report was adopted by the Institute with the result that the Inspector of the Institute organized the first urban bank in this Province at Amraoti in the year 1937. He was also asked to work as the Honorary Manager of this Bank which is making good progress.

CONSUMERS' STORES

The number of co-operative stores in the Central Provinces is at present 18 of which 6 are school stores. Of the remaining 12 stores the Nagpur Co-operative Society deserves special mention. It was registered in 1932 and has a total membership of 311. Its share capital and reserve fund amount to Rs. 3,765 and Rs. 2,224 respectively. The total purchases and sales in 1939-40 amounted to Rs. 44,111 and Rs. 47,546 respectively. It made a profit of Rs. 1,870. This store

deals in grain, grocery and such other articles of house-hold requirements and its business is confined to members only. The important feature of its working is that its sales are strictly for cash. During 1939-40, it distributed dividend at 4 per cent and also allowed rebate on purchases at 5 pies per rupee. The society is making satisfactory progress. Another big consumers' society is at Raipur. It was registered in 1938 and is still in its infancy. It has a membership of 208. During 1939-40, its share capital and non-members' deposits amounted to Rs. 1,811 and Rs. 3,686 and the total purchases and sales amounted to Rs. 12,158 and Rs. 12,664 respectively. It could not make any profit during the year. For the province as a whole the total membership of the stores is 1,168 and their working capital amounts to Rs. 21,820. The total sales of goods to members amounts to Rs. 71,525, the profit earned being Rs. 2,082.

The consumers' movement in the province has not yet shown satisfactory progress, the main reasons being (i) absence of loyalty amongst members; (ii) want of business training in the management and (iii) lack of strict adherence to by-laws.

PURCHASE AND SALE SOCIETIES

The purchase and sale societies in this province assume the form of agricultural associations, growers' associations, *adat* shops and multi-purpose societies. The number of agricultural associations is 34. Their objects are to purchase in bulk and sell to members, agricultural requisites such as manures, seeds and other necessities of life, to procure agricultural machines and implements for hiring out to members and to assist the members in the disposal of their produce and in adopting improved methods of agriculture. But generally the work of these associations is confined to keeping stocks of improved seeds and manure for sale and improved implements and machines for sale or hire to members. It is only in rare cases that they engage the members' produce. Such associations exist in most of the important tahsils in the province. During 1939-40, their working capital amounted to Rs. 69,709 and their membership was 1,573. The working of these associations is characterised by lack of interest and loyalty in the general body of members and particularly in the members of the Managing Committees.

Three growers' associations have so far been organised at Raipur, Bilaspur and Drug and are working under the direction of the Department of Agriculture which has placed the services of an agricultural assistant at the disposal of each association. With the help of Government grant godowns have been constructed for storage at these places. The object of these associations is to enable the cultivators to hold their stock until prices are favourable. The members deposit their produce in the godown of the association and are granted an advance to the extent of 75 per cent of the market price of the pro-

duce. Subsequently, when the prices improve, the produce is sold and the remaining 25 per cent of the value of grain along with the extra price received on sale is refunded to the members. The associations borrow from the central banks on the pledge of the produce deposited in the godowns. The banks charge about $4\frac{1}{2}$ per cent interest to the associations, while the latter charge 5 per cent to their members. The members have also to pay annas four per bag as incidental charges for depreciation of bags, etc. The associations effect sales through approved commission agents who are given a fixed commission. Their activities have not yet been sufficiently popularised. They are yet in their infancy as they were started only two years ago but they have made a fairly good start.

For the marketing of oranges and orange plants there is a District Orange Growers' Co-operative Society at Nagpur. It was registered in 1936 and its share capital amounts to Rs. 4,500. It sent 9 waggon loads of orange fruit to Calcutta, Delhi and Lucknow and sold 4,058 fruit plants during 1939-40.

There are 5 *adat* shops in the province. Two of these have not started work and 3 continue to be practically dormant. The *adat* shops have not, so far, proved successful and this appears to be mainly due to the absence of loyalty in the members, want of sufficient capital and lack of active workers.

The number of Multi-purpose Societies registered so far is 9, of which 3 are dormant and 6 are working. Their objects provide for the purchase, in common, of the members' agricultural and domestic requirements and for the sale on commission of the members' produce besides the supply of credit; but their activities at present are confined mainly to the opening of small grocery shops and to propaganda regarding agricultural improvements. They have not been able to take up the work of purchase and sale to any appreciable extent. In 1939-40 the total membership of the six working societies was 362, their total working capital Rs. 1,440 and profits Rs. 279. They are in charge of six managers paid by the Government.

Among the non-agricultural societies purchase and sale activities are carried on, to some extent, by the weavers' society at Nagpur. It is a central society and has been receiving Government aid to carry out its objects. It purchases and stocks yarn, silk and other material for supply to members for weaving cloth and also arranges for the marketing of the articles manufactured by them. The activities of the society have not yet sufficiently developed. During 1939-40, its membership was 419.

It will be seen from the above that the purchase and sale activity has made little headway in this province so far. Attempts are being made to place the working of the existing organisations on sound lines and to organise new societies in future.

SPECIAL TYPES OF SOCIETIES

The Nagpur Premier Co-operative Housing Society.—In the Central Provinces there are six housing societies working as on the 30th June 1940. The details of the membership and working capital, etc., are given in the statement attached. The Nagpur Premier Co-operative Housing Society, has been working in Nagpur for the last 10 years with great success under the Presidentship of Mr. G. A. Bhonsule, B.Com., Manager of the C. P. and Berar Provincial Co-operative Bank. Its aims and objects are :—

- (a) To help members in erecting or acquiring houses, repairing them or making such suitable modifications or accretions thereto as may be necessary and convenient;
- (b) To build suitable dwelling houses for letting them out to members;
- (c) To acquire land by purchase or otherwise for erecting dwelling houses thereon for the Society or its members;
- (d) To establish and carry on business of manufacturing or purchasing bricks and other building materials and selling them to members for their own use;
- (e) To encourage thrift, self-help and co-operation amongst the members of the Society and to promote their economic interests in accordance with co-operative principles; and
- (f) To establish and conduct social, recreating and educational work of institutions.

In granting loans the Managing Committee gives preference to those members who do not own any house or houses. The membership of the Society which was only 12 in the year 1930-31 reached 438 in 1940-41 of whom 183 are borrowing members and 255 non-borrowing. The share capital which was Rs. 20,600 in the year 1932-33 has increased to Rs. 1,12,500 in 1940-41. The shares held by the borrowing members increased from Rs. 1,000 in the year 1930-31 to Rs. 61,500 in 1940-41. The Society is now able to attract fixed deposits at very low rates of interest. The amount of such deposits held by the Society on 30th June 1941 was Rs. 2,87,566 of which a sum of Rs. 1,38,054 represents fixed deposits from members and the remaining from non-members. The Society also receives savings deposits from its members only and on the 30th June 1941 the amount of such deposits was Rs. 17,623. This shows the growing public confidence in the society. In the initial stages the Society borrowed from the Provincial Co-operative Bank of C.P. and Berar, to supplement its own resources from deposits. The total borrowings amounted to Rs. 9,19,313 till the end of the co-operative year, 1940-41. But on 30th June 1941 the Society owed nothing to the Provincial Bank either on loan or cash credit account. It advanced a sum of Rs. 9 lakhs to 284 members to enable them to build houses and it received back by way of repayment about a sum of Rs. 5½ lakhs and 52 members have paid their

loans in full. The balance of loans which amounts to over Rs. 312 lakhs is fully secured. The house properties mortgaged to the Society have always been insured against fire risks for their full value. The Society has built up a reserve fund of Rs. 62,513.

Co-operative Crop Loan Societies.—In the course of 1927-28, and 1928-29 about 40 crop loan societies had been formed and loans to the aggregate amount of Rs. 15,000 were advanced. The Central Bank did not think it advisable to make advances to these societies in view of the general deterioration of the central bank and societies in Berar. After a period of two years, the Central Bank is again thinking of revising the old crop loan societies and many of the societies have actually been revived. Had there been a continuity in making regular advances more than 100 crop loan societies would have been formed.

As soon as ten or seven persons as the case may be agree to form a society the organiser is required to make a detailed inquiry as to what immovable and movable property each person holds; what are his other sources of income and what is the income derived from those sources; the number of the persons he has to maintain, whether they are wholly or partly dependent on the member and the probable yield of the field property. From this data the repaying capacity of each member is assessed. No member is advanced more than his repaying capacity as calculated above. In this way a serious attempt is made to keep down the indebtedness of members and teach them the principles of co-operation.

Ordinarily the advances made to members are secured by the execution of the pro-notes. The crop loan societies can be made a good training ground for the co-operative movement and have greater possibilities for helping the agriculturists.

The statement on the next page shows the working of the thrift societies, better living societies, industrial associations and other special types of societies.

THE CENTRAL PROVINCES AND BEHAR CO-OPERATIVE FEDERATION

The C.P. and Berar Co-operative Federation, which was previously called "The Central Provinces Union of Co-operative Banks", was registered on the 20th March 1915, on the application made by 22 co-operative banks. It was formed for the purpose of co-ordinating and controlling the policies of central banks for securing unity of aim and effort and for broadening the outlook of banks in all matters connected with and concerning the co-operative movement. Mr. H. R. Constance, the then Registrar was elected its Governor for life and he continued to hold the office till his transfer in 1917. Rao Bahadur H. K. Holkar was then elected as Governor on the consensus of opinion was in favour of substituting the official control for non-official one.

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The broad general lines of distinction between the Governor's control and the Registrar's control were clearly defined. The Registrar's control became external in the interest of the Government and the general public and ample powers were conferred on him for this purpose both by the Co-operative Societies Act and the Rules under the Act. The Governor's control became internal and he was primarily responsible for organisation, supervision and propaganda and the control of the Federation staff. This created a lot of confusion in the working of the Federation. Besides there was a feeling amongst co-operators that for some time past the C. P. Federation had failed to fulfil its functions satisfactorily. The main reason for its failure, it was considered, was that it was too unwieldy and too centralized a body. The result of all these was that in the year 1923 the Divisional Institutes appeared in the horizon to take up the activities of the Federation and to serve homogeneous tracts with a single language and more or less uniform agricultural conditions. Still the necessity of the Federation was felt as a centre for discussion of common problems which may provide a platform where co-operators from all parts of the province may meet and exchange ideas. Opinion was however divided as to whether it should be retained in its present form or whether regard being had to the experience gained of its past working, its institutions and functions should not be changed and it was decided that the Federation should be organised both as regards its aims and methods of working so as to convert it into a deliberative body. The Federation was thus transferred into a deliberative body and it remains as such up to the present. The present Governor, Rai Saheb Udai Singh Bisen, Advocate, Bilaspur, was elected in the year 1938 and since then its office has been shifted to Bilaspur. The Governor of the Federation is assisted by an Executive Council.

SUPERVISION, EDUCATION AND AUDIT

SUPERVISION

According to the recommendations of the MacLagan Committee on Co-operation in India the formation of Unions, which were generally called 'Guaranteeing Unions', was introduced in the Central Provinces and Berar in the year 1915-16. These Unions were formed with a view (i) to supervise and control the societies within their own area and (ii) to provide them with the funds needed for all reasonable forms of current expenditure in the simplest and promptest possible way. This was rather a novel experiment. Though the number of these Unions had increased gradually and had crossed the figure of 300, they were mostly purely nominal bodies giving guarantees of no real value. There were many which existed in name only. They performed none of their functions and the central banks used to ignore their existence entirely. In the course of a few years the registration of all the Unions was cancelled and thus ended and disappeared the organisation of Circle Unions from the Central Provinces and Berar.

EDUCATION

Since the Federation was thought to be too centralized a body, it was felt that it would be useful to organise institutes to control audit or even to confine itself to education and propaganda which should be local and easily accessible. It was further felt that such an institute should restrict its activities to homogeneous areas, where the language of the people was the same and where agricultural conditions were nearly as similar as possible. It was further decided and decided rightly that it should not take the financial responsibility of its members as was done in the case of circle or guaranteeing unions. Defined briefly the objects of the institutes are (1) to develop the co-operative movement within their respective areas, to serve as a centre for co-operative activity, to promote the study of all questions connected with co-operation and to ascertain and represent the views of co-operators on questions of general public importance affecting the co-operative movement; (ii) to encourage the exchange of views on co-operation between its members, to advise co-operative societies in their methods of working, to ensure uniformity of policy and unity in co-operative effort and to ensure that all business is conducted on genuinely co-operative lines; (iii) to organize, conduct and supervise the education of co-operation; (iv) to train and license the staff maintained for writing the accounts of primary societies and to train and licence members of primary societies in writing the accounts of their own societies; (v) to train and license the paid staff of central banks and (vi) to assume the control and management of the audit of primary co-operative credit societies.

With these main objects the Berar Co-operative Institute and the Northern and Nerbudda Divisions Institute were registered in the year 1923-24. The constitution of the Berar Institute was modelled on that of the Provincial Co-operative Institute, Bombay, and its membership was open not only to societies but to persons interested in co-operation. The Northern and Nerbudda Divisions Institute was confined only to co-operative institutions. The Berar Co-operative Institute was financed by subscriptions from individual members and by contributions from the profits of the central banks, while the Northern and Nerbudda Divisions Institute obtained its funds from central banks and primary societies. The Berar Institute made a good beginning and co-operators in that Division evinced genuine enthusiasm for it. It started a monthly magazine in Marathi called "*Sahkari Vidarbha*." The record of the Northern and Nerbudda Divisions Institute was not so encouraging. Later on it consolidated its position and slowly gained the confidence of its affiliated banks. It published some pamphlets in Hindi.

In the year 1928-29 the Chhattisgarh Division Institute was registered and had a very good beginning under the enthusiastic leadership of its President, Mr. W. B. Lakhe. He visited all the banks under the Institute and did a good deal for co-ordinating their activities and establishing uniformity in their policy and practice. In this year the Nagpur Division Institute was also registered but two Banks, Wardha and

Balaghat, did not join it. In 1930-31 the Northern and Nerbudda Divisions Co-operative Institute was split up, and the separate Institutes, the Nerbudda Division Co-operative Institute with its headquarters at Narsinghpur, and the Northern Division Co-operative Institute, with its headquarters at Jabulpore were registered. The two banks of Nimar and Harda which had not so far joined any Institute joined the Nerbudda Division Co-operative Institute.

Ever since the crisis of 1920-21 it was felt that the movement should have been more successful if *pari passu* with the registration of societies and grant of loans to them adequate and effective arrangements were made for creating in their members the co-operative spirit. Although the subject was brought into prominence by the Royal Commission on Agriculture, several schemes were put forward from time to time for ensuring better education and supervision of primary societies, the first being drawn up in 1923 by Mr. N. J. Roughton. None of these schemes could be made sufficiently comprehensive and the recommendations of the Royal Commission on the subject brought home to all concerned the importance of the fact that the question demanded immediate attention.

The Federation Congress of 1928 accepted the recommendations of the Royal Commission practically in toto and appointed a sub-committee of five leading honorary workers and the Registrar for drawing up a detailed scheme for giving effect to those recommendations specially in the Central Provinces banks. The Berar Co-operative Institute was entrusted with the task of drawing up a scheme for Berar for the same purpose. The Berar Institute in collaboration with the Registrar drew up a scheme by the end of the year 1928-29. The Federation sub-committee approved of the main principles laid down by the Royal Commission and published its own report during the year under review. For the better education and closer supervision of primary societies the sub-committee recommended that their financing and supervision should be under separate control. The sub-committee recommended among other things (1) that the responsibility for making proper and adequate provision for the education and supervision of societies should vest in a Central Board for every Institute area, (2) that the Central Board should employ, control and supervise the field staff necessary for this purpose in every bank, (3) that the Central Board should, however, exercise its control over the field staff through a local Education and Supervision Committee formed in every bank, of members other than those of the Working Committee, and (4) that the Working Committee should henceforth confine itself to the financing of societies. This Supervision and Education Committee was, however, to be only an agent of the Central Board.

The field staff to be appointed was to consist of one group officer for every 50 societies in the Central Provinces banks and for every 30 societies in Berar banks with one chief group officer in each central bank for controlling and supervising the group officers. As the income of the Central Provinces banks was very low the sub-com-

mittee recommended that they would be well advised to utilize the Government circle auditor as chief group officer, as under the new scheme of audit the circle auditor was to be freed from the work of primary audit. The recommendations of the sub-committee were discussed and adopted at the Federation Congress held at the Provincial Bank, Nagpur, on the 24th and 25th November 1929. The sub-committee recommended that the Government should be approached for an additional grant of Rs. 49,814 to the Institutes in order that the latter might be able to implement the proposals. The Local Government approved the proposals of the sub-committee as ratified by the Federation Congress but on account of financial stringency, could only provide a further grant of Rs. 28,793 in addition to the old grant of Rs. 21,688 for giving the new scheme a trial in the areas of the Berar and Chhattisgarh Institutes. The Berar Institute brought the system into force in its area with effect from the 1st April 1930. The system was also placed on a legal footing by rules framed under the Co-operative Societies Act.

The group system which had already begun to work in an informal way was thus officially recognised and the institutes gained considerable importance and utility on account of the control they now used to exercise over the field staff through the Central Board. For Wardha and Balaghat Banks which steadfastly abstained from joining any Institute, the Federation organised a Central Board but it had remained moribund on account of their non-possimous attitude. Speaking for the Province as a whole it may be said that as a result of the new system of education and supervision there was a general awakening among the members of primary societies regarding their rights and responsibilities. Mutual control and supervision sprang up even though it was in a small measure. The result could not be said to be striking or satisfactory in all cases as one would have desired, but it was sufficiently encouraging to warrant the continuance of the system.

From about the year 1936 the Institutes were rather handicapped in their work by paucity of funds and in the case of the two Institutes disinclination on the part of their constituent banks to carry out the orders of Central Boards, especially in taking disciplinary action against the field staff was also noticed. Opinion was gaining ground that the Institute system should be abolished and the old system under which each bank was responsible for recoveries, education and supervision be revived. The Chhattisgarh Division Co-operative Institute was opposed to this as the system was working satisfactorily within its area. This subject was discussed at length in the annual sessions of C.P. and Berar Co-operative Federation held at Bilaspur in April 1940 and at Saugor in April 1941, and a sub-committee was again formed on the 6th April 1941 to examine the working of the Institutes and the group system. It was given power to decide the question finally. The sub-committee, after a prolonged and exhaustive discussion of the subject, has come to the conclusion that in the absence of any other equally efficient but cheaper alternative agency the present system of education and super-

vision by the Institutes should continue with some modifications in detail. It has further been considered to be inadvisable to experiment with any new system during the present times when the co-operative movement in some parts of the Province is not in a normal condition. The following are the important resolutions that were passed at the above Conference held at Saugar in April 1941.

"The Federation is of the opinion that all banks, institutes and other co-operative institutions which maintain peons should give them the benefit of the provident fund rules, if the peons so desire, unless these institutions find that they cannot do so on account of financial difficulties.

"Resolved that Government be requested to include the co-operative employees in the schedule under the Provident Fund Act. The Federation further recommends that this question be taken up in the All India Co-operative Institutes' Conference.

"Resolved that the Provincial Government be requested to invest the Registrar with all the powers of collection with regard to the recovery of co-operative dues with a view to expedite recovery work.

"It is hereby recommended that all the proceedings of the Federation Congress, institutes and central banks be conducted in Hindi or Marathi and if a member cannot speak in these languages, he may speak in English with the permission of the President of the meeting. All co-operative institutions should, as far as possible, carry on their business in Hindi or Marathi. The Registrar is also requested to see his way to make arrangement to issue circulars in Hindi or Marathi when he can conveniently do so. A reply to co-operative institutions should, as far as possible, be sent in the same language in which they address the Registrar.

"Resolved that the co-operative societies which have been registered under the Co-operative Societies' Act of 1912 be exempted from the operation of the amendment to the Civil Procedure Code regarding attachment of pay of the officials who are members of the co-operative societies and the Registrar be requested to take up this question as early as possible with the Central Government through the Provincial Government.

"Resolved that the Government should not advance Takavi loans to the members of crop loan societies.

"Resolved that the Berar Land Revenue Code and the Central Provinces Land Revenue Act be so amended as not to allow the Revenue authorities to hold sales for arrears of land revenue or otherwise to sell and in which a bank or a society is interested either as mortgagee or otherwise, without first giving notice to the bank. Further resolved that the resolution be sent to the Provincial Bank which is considering this question."

Note.—The Government is considering the question of abolishing the right of pre-emption in favour of a co-sharer in any sub-division under sections 173-177 of the Berar Land Revenue Code.

AUDIT

The question of the audit of co-operative societies in Berar is one in which the Central Provinces and Berar Co-operative Federation is vitally interested. In regard to the system of biennial audit, Rai Saheb Udai Singh Bisen, Governor of the Federation made the following observations in opening the session of the Congress held in April 1941.

"Now with regard to audit, I think that the Government should take it up or else we should revert to the old system of annual audit. Biennial system of audit has various disadvantages. Firstly estimates of bad and doubtful debts cannot be made at the right time. Secondly, the classification of societies within the area of a Bank cannot be done with accuracy. This is an important factor in judging whether the movement under a particular Bank is flourishing or not. Thirdly, audited financial statements of societies cannot be made available each year and consequently declaration of dividend cannot be made in time in societies which are working profitably. Fourthly, in no province there is the system of biennial audit. In this system the society-auditor generally visits a society after a lapse of one complete year and in some cases towards the very end of the second year. The accounts become quite unmanageable in the societies where transactions are numerous. Moreover the field staff usually find it difficult to remove audit objections till the following year, and in some cases they are fast being remedied. Fifthly, the examination of misapplication of loans advanced to the members of primary societies is delayed to a very great extent. Sixthly, the societies having cash transactions both above and below Rs. 1,000 are required to pay the same amount of audit contribution with the difference that the former get the benefit of annual audit while latter have to wait for 2 years. It is therefore imperative that the accounts of societies be audited annually. Each Institute area be made a unit, and actual audit charges be realized from societies under that area. This will I hope stop all agitation against the present system of levy of audit contribution."

Credit is a remedy, but, like many remedies, it is also a dangerous poison (a double-edged tool, a consuming as well as a comforting fire) and in applying the novelty wholesale to the Indian ryot it must be applied with the caution that such remedies require, lest the ryots learn too easily to borrow with a light heart, the lighter that the terms are favourable and repayment so easy and so gradual..... What does it matter to a peasant whether he is ruined by a bank or by a money-lender, by the too facile credit of the one, or the too usurious terms of the other?"

—F. A. NICHOLSON.

MADRAS

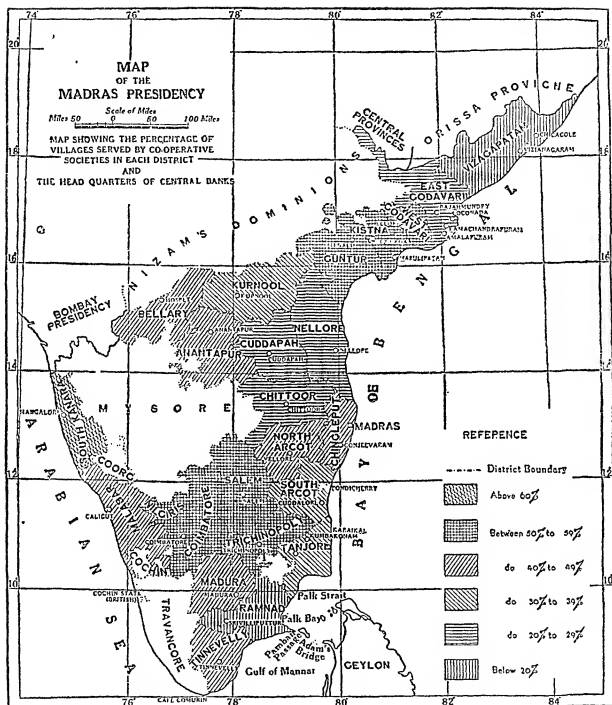
CONTRIBUTORS OF NOTES

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Note.—There is no Provincial Editor for Madras. The General Editor is indebted for his materials (except for the Note on Consumers' Stores kindly contributed by Mr. K. C. Ramakrishnan) mainly to the reports of the various committees referred to in this account particularly to that of the Vijayaraghavacharya Committee (1939-40) and to the annual administration reports of the Registrar.



MADRAS

General Features.—The presidency of Madras occupies the whole southern portion of the Peninsula, excluding Coorg and the Indian States, all of which have now come under the direct control of the Government of India. It has an area of 1,24,363 sq. miles. Its coastline on the eastern side is about 1,250 miles and on the southern and western sides is about 450 miles. The Eastern and Western Ghats on either side converge at the Nilgiris in the central area. The climate is normal and free from extremes. Rain fall is not uniform throughout and is often unseasonal. Godavari, Kistna and Cauvery are the chief rivers in the presidency and are productive of fair crops even in time of drought. Construction of dams on these three rivers Godavari, Kistna and Cauvery at Dowlishwaram, Bezwada and Mettur respectively has afforded large facilities for cultivation. The other irrigation project which needs mention is the Periyar project. A dam was constructed on the river Periyar which flows into the Arabian Sea and the water is being caught and stored in the Travancore hills for being diverted east-ward. Rice, Cholan, Ragi and Kambu are the principal food-crops while cotton, sugarcane, tobacco and ground-nuts are the principal cash-crops. Coffee and Tea are also produced in considerable quantities in the slopes of the Nilgiris. The total population of the presidency is 49,340,000 (1941). According to the census figures of 1931, out of a total population of 47,193,603, 88 per cent were Hindus, 7 per cent Mohammadans, 3·8 per cent Christians and the rest belonged to other religions. The principal languages spoken are Tamil, Telugu, Malayalam and Kanarese. The linguistic areas are fairly well marked by distinct boundaries except of course, for that certain tracts are naturally bilingual—Tamil-Telugu, Tamil-Malayalam, Telugu-Kanarese and Telugu-Oriya. In the year 1937-38 there were about 38,251 miles of roads of which 24,241 were metalled. There were about 5,100 miles of railway lines. The province is mainly agricultural and about 68 per cent subsist on this industry. On the 31st March 1941 there were 56 cotton mills, 11 hosiery factories and 4 jute mills in the province besides a number of oil mills, sugar mills, soap factories and others working. The province has made some progress in the development of cottage industries. The estimated number of hands employed in all the industrial concerns put together is about 2,50,000. Coir industry, match industry and tanning of the province deserve mention. The ports of Madras, Vizagapatam and Cochin are the important through which almost all the import and export trade is carried on. During the year 1940-41, 25,844 tons of tanned and raw hides and skins valued at Rs. 571·46 lakhs were exported from the presidency. The Pykara Hydro-Electric System is the major system for the generation of electrical energy in the province. The other two schemes are the Mettur Hydro-Electric System and the Andhra Thermal System.

The fourth scheme that is under construction for the generation of electricity in the province is the Papanasam Hydro-Thermal Scheme at a cost of Rs. 258 lakhs. The percentage of literacy is about 13. There are three Universities at Madras, Waltair and Annamalai in the province. The headquarters of the Government is Madras while the summer capital is Ootacamund. The other important cities are Madura, Trichinopoly, Coimbatore, Vizagapatam, Coconada, Rajahmundry, Bezawada and Bellary. Under the Government of India Act of 1935, the province became autonomous in the year 1937 as is the case with all the other provinces. It has a bicameral legislature and the Governor^{*} was assisted by a council of ten ministers. The council of ministers having resigned in October 1939, the administration is being carried on at present under section 93 of the Government of India Act, 1935, by the Governor with the help of four official advisers. The estimated income and expenditure of the province for the year 1941-42 are Rs. 18.21 crores and Rs. 18.08 crores respectively.

A Retrospect.—Long before the co-operative movement was introduced in this province certain types of indigenous credit agencies like the Nidhis and Chit Funds (mutual loan associations) were already popular among the middle and the lower middle classes. In the year 1901 there were 200 such institutions with about 36,000 members. They were not co-operative institutions but were organised on quasi co-operative basis. In so far as they possessed elements of collective effort for pooling the resources of the urban as well as rural India and distributing the pools among the members according to the urgency of their economic needs, the important part which these Nidhis and Chit Funds play and the credit facilities they afford to people are described in the report of the Madras Provincial Banking Enquiry Committee and that of the Indian Central Banking Enquiry Committee.

A series of prolonged investigations by official experts preceded the inauguration of the co-operative movement in India. In Madras, the late Sir (then Mr.) F. Nicholson was placed on special duty by the Provincial Government, as early as 1892, "to study the theory and practice of agricultural and other land banks in Europe, and to suggest means by which a similar movement might be popularised in India". The Madras Government which reviewed his report in 1899, however, thought that the question of rural credit was not of urgent importance, and held the view that a few rural banks started strictly on Raiffeisen principles would serve the immediate purpose. The Report was later studied by the Government of India, who invited the opinions of local Governments on the possibility and advisability of giving shape to the recommendations of Mr. Nicholson. In 1901, the Edward Law Committee considered the views of the various local Governments and for the first time formulated and placed definite proposals for action. In the same period, the Famine Commission of 1901, of which Mr. Nicholson was one of the members, recommended the introduction of mutual

* Governor: His Excellency the Hon'ble Sir Arthur Hope, G.C.I.E., M.C.

credit associations. It was then discovered from the factual evidence supplied to the Commission that no real advance was possible without special legislation and as a result, the Co-operative Credit Societies Act (Act X of 1904) was passed.

The first rural co-operative society was registered for Tirur Village (Chingleput Dt.) on August 30th, 1904 soon after the passing of that Act. The Department of Co-operation was inaugurated with the late Sir (then Mr.) P. Rajagopalachariar, as the first Registrar. The number of societies and membership increased to 63 and 6,439 respectively in 1907, and 972 and 66,156 respectively in 1912. For the first few years from the inception of the movement, Government undertook to finance the societies directly but this could not continue longer. Hence the Madras Central Urban Bank (M.C.U.B.) was started in November 1905 to function as a feeder and to finance the co-operative societies throughout the Presidency. But the increase in the number of societies and the consequent demand for large funds revealed the necessity for organising financing institutions at district centres. Thus, in 1909, two central banks on the model of M.C.U.B. were constituted at Salem and Trichinopoly, the area of operation being confined to the respective districts in each case; and the loans originally advanced by the Madras Central Urban Bank to societies in those two districts were transferred to the two respective central banks. The central banks, besides financing the rural and urban societies, were expected to inspect and supervise them, though the by-laws did not specifically mention these functions. In the beginning the Registrar personally inspected, supervised and sanctioned all the loans of the societies, besides training his small staff. By 1910 the societies had become too numerous and it was found impossible for the Registrar and his small staff to cope up with the work of supervision; nor could the central banks satisfactorily discharge this duty as the societies were scattered over the large area of a district. As a result a new type of institution, the supervising union, was registered in 1910, with the object of supervising its affiliated societies within a radius of seven miles. The Uthiramerur Union (Chingleput Dt.) was the first to be registered. The credit of conceiving the district central banks and unions belongs to the late Dewan Bahadur R. Ramachandra Rao, the Second Registrar. Two more unions followed in 1911. In 1912, a new variety of central bank, known as 'banking union', came into existence with individuals and societies as shareholders and with the objects of financing, supervising and controlling the affiliated societies. The first of this variety was registered for the Chingleput District.

The first urban credit society to cater to the financial needs of the dwellers in urban areas was formed in 1904 and the first non-credit society, (though it also provided credit to its members till 1933), the well known Triplicane Co-operative Stores was registered in 1905. By the end of the year 1906-07 there were eight stores. The first weavers' union was organised in 1905, which arranged for the purchase of raw materials and sale of the manufactured products of their members.

Madras was thus somewhat ahead of some other provinces in introducing the different phases of the co-operative movement.

It should here be noted that under the Co-operative Societies' Act of 1904 the types of central institutions mentioned above had no legislative status, as the Act recognised only two classes of primary societies (rural and urban) entirely composed of individual members, and further gave no recognition to societies started for purposes other than credit. These defects were remedied by the Co-operative Societies' Act II of 1912, which regularised the existing practice and gave a legal recognition for the first time to productive and distributive societies and to various forms of central organisations.

From the year 1912, the progress of the movement in the province may be studied in four stages. The statement appended to this section shows the statistical progress from the inception of the movement up to date. The first period covers the years preceding the introduction of the Montagu-Chelmsford Reforms in 1918-1919. The period is marked by comparatively slow progress as greater attention was then rightly paid to quality than to quantity. Between 1912 and 1918 eight societies were started with the main objects of purchasing seeds, manures and agricultural implements for their members. They did useful work under the guidance of the Agricultural Department. The period also saw the registration of the Provincial Co-operative Union in 1913-14 with the general object of assisting co-operative work in all possible ways, but it took some time for the Union to make progress.

The other types of societies started during this period were the building societies of which eight came into existence prior to 1915, and grain-banks of which there were three. These societies achieved little success. But the urban credit societies had become popular and their number increased to 103 in 1915 of which 76 were on a basis of limited liability. They had a membership of 22,000 and a working capital of nearly Rs. 15 lakhs, of which more than 25 per cent represented deposits from members. At the end of this period there were 3,676 societies of all types and eight central banks with a total working capital of Rs. 305.21 lakhs.

The second period, from 1918-19 to 1920-30 covers the decade following the introduction of the reforms. The Government of India Act of 1919 made 'co-operation' a 'provincial' transferred subject and local Governments were left free to adopt the 1912 Act or to introduce fresh legislation to suit their own requirements. The beginning of the period coincided with the cessation of the Great European War. Thereafter the price level of the agricultural commodities shot up steadily and the agriculturists earned higher incomes. The progress of the co-operative movement closely followed this agricultural prosperity and there was a rather too rapid expansion of the movement, much at the sacrifice of quality. The mistake was realised later when the movement landed itself in difficulties. In 1927, in response to the public demand, voiced through the Legislative Council, the Press and at the 14th Provincial Co-operative Conference, the Government appointed a committee, pre-

sided over by Mr. C. A. H. Townsend, I.C.S., to examine the progress made by the Co-operative Movement in the Presidency since the MacLagan Committee's Enquiry in 1914-1915 and to enquire into the then condition of the movement and to suggest future lines of development. Some of the recommendations of the Committee were given effect to in the next period, while many of the recommendations could not bear fruit as the economic depression overtook the movement in the succeeding years and different measures had to be considered. In 1929, the Provincial Banking Enquiry Committee again reviewed the progress made and observed that the co-operative banking agency was adequate for the development of co-operative societies and was capable of very great expansion but warned that the expansion could not safely be hurried, as any attempt to force the pace was likely to be disastrous. At the end of this period the number of all kinds of societies increased from 3,676 to 15,288 and membership from 2,44,297 to 9,74,999.

The third phase from 1929-30 to 1936-37 may be called the period of deterioration and set-back for the co-operative movement. The world wide economic crisis in 1931 resulted in a catastrophic fall of prices, particularly of agricultural commodities as well as of agricultural land and seriously affected the economic condition of the cultivating classes. The period prominently brought into view various defects in the movement. As a result, from 1930 onwards, attention was concentrated more on the rectification and consolidation of societies rather than on expansion. Many bad and moribund societies were liquidated and new co-operative societies were registered with caution and restraint. There was a steady fall in the number of societies, membership and working capital in the earlier years of this period. The necessity to exercise the power of enacting fresh legislation was felt early in the period and the Madras Co-operative Societies' Act (VI of 1932) was passed to remedy the defects noticed in the India Act II of 1912. This Act governs the working of co-operative societies at present.

Despite the depressing features like accumulated overdues, liquidation and decay of societies, the working capital increased steadily from 1933-34. The period, further, saw the development of land mortgage banks for the provision of long-term credit to agriculturists and expansion of other types of societies. The primary land mortgage banks of which there were only two in 1925, increased to 93 in 1937. The Madras Central Land Mortgage Bank was started in 1929 as an apex institution for the primary land mortgage banks. For the proper working of the primary land mortgage banks and the Central Land Mortgage Bank, special legislation was felt to be necessary and the Madras Co-operative Land Mortgage Banks' Act was, therefore, placed on the statute book in the year 1934. Again, the sale societies of which there were only 3 in 1924 increased to 111 in 1937.

The fourth or the present phase of the movement which commenced from 1937-38 may be termed as the period of recovery and is characterised by signs of improvement in all the branches of the movement. With the gradual diminution in the severity of the depression, and

with the passing of the Agriculturists' Relief Act in 1938, the activities of the co-operative societies have once again begun to show signs of satisfactory progress. However, the economic depression brought to the fore new difficulties and problems which required to be solved before the movement could develop on sound lines. The Agricultural Credit Department of the Reserve Bank of India and others put forward various proposals for the re-orientation of the movement such as the formation of multipurpose societies and taluk banking unions. Besides, the manifold problems affecting the development of non-credit activities, particularly co-operative marketing, have gained prominence. Hence in view of the considerably altered circumstances, the Government appointed, in 1938, a committee (of officials and non-officials), presided over by Sir T. Vijayaraghavachariar, with comprehensive terms of reference to examine critically the various problems of Co-operation, particularly agricultural co-operation, and suggest methods and formulate proposals for the rehabilitation and reorganisation of the co-operative movement and a general improvement of the conditions of rural life in the province. The Committee published its report in the middle of 1940. The Report contains far-reaching recommendations. The Congress Government went out of office some months before the Committee signed its Report. Though the then Registrar and the Joint Registrar were members of the Committee and signed the Report along with the other members, the department naturally reserved its right to make its own proposals to the Government on the recommendations of the Committee. There has been no attempt to deal with the Report as a whole by the Advisers' Government, but it is being dealt with piece-meal. Wide use is being made of the rule-making power in the Act, in some cases to implement the recommendations of the Committee and in some cases to promulgate rules negating the recommendations. The effect of the subsequent action taken by the Provincial Government is vesting largely powers in the Registrar and his department.

General Progress of the Co-operative Movement from 1905-06 to 1940-41

Year	Number of Societies of all kinds.	Number of members.	Paid-up Share capital.	Reserve Fund.	Total working Capital of all banks and societies.
			Rs. Lakhs.	Rs. Lakhs.	Rs. Lakhs.
1905-06	27	2,733	0·31	0·006	1·07
1906-07	63	6,439	0·76	0·93	4·41
1907-08	101	9,537	1·22	0·13	7·74
1908-09	180	15,597	2·09	0·29	18·19
1909-10	377	30,083	3·63	0·55	33·19
1910-11	596	44,102	4·85	1·85	49·15
1911-12	972	66,156	7·52	2·97	74·64
1912-13	1,078	82,713	9·74	4·43	95·41
1913-14	1,333	100,537	11·75	6·19	123·21
1914-15	1,600	118,726	13·68	8·24	142·10
1915-16	1,800	137,493	16·11	8·50	168·88
1916-17	2,216	163,121	20·49	9·62	204·93
1917-18	2,644	191,041	26·13	11·88	234·02
1918-19	3,676	244,297	34·70	14·65	305·21
1919-20	5,027	329,836	50·24	17·45	393·00
1920-21	6,289	398,062	64·87	20·77	490·35
1921-22	7,889	461,002	79·86	21·94	601·11
1922-23	8,443	530,291	95·42	26·94	711·59
1923-24	9,785	616,228	114·49	38·35	839·27
1924-25	11,141	696,746	135·43	46·85	988·57
1925-26	11,973	748,783	153·32	56·50	1,132·89
1926-27	13,356	830,522	175·49	68·54	1,334·34
1927-28	14,510	898,186	197·29	69·62	1,522·98
1928-29	15,086	940,184	214·80	84·28	1,651·53
1929-30	15,233	974,999	233·63	98·51	1,799·36
1930-31	15,042	981,100	243·15	112·58	1,800·52
1931-32	14,540	..*	237·42	122·58	1,699·98
1932-33	13,956	..*	232·49	134·30	1,734·63
1933-34	13,634	..*	224·77	143·64	1,632·05
1934-35	13,453	880,328	227·19	152·18	1,671·84
1935-36	13,330	903,870	229·33	160·60	1,763·80
1936-37	12,927	897,428	227·84	166·18	1,851·93
1937-38	13,139	948,187	235·35	173·17	2,005·65
1938-39	13,759	10,42,000	246·84	178·07	2,270·91
1939-40	14,466	11,65,000	253·90	184·85	2,404·02
1940-41	14,547	11,96,543	260·22	192·03	2,509·97

* Figures relating to number of members for the years 1931-32 to 1933-34 are not available in the departmental annual reports.

CO-OPERATIVE FINANCE

A. RURAL CREDIT SOCIETIES

The rural credit societies form the foundation-stone on which the whole co-operative edifice is built. In Madras, as elsewhere in India, they are by far the most predominant type of co-operative organisation. They are generally modelled on the Raiffeisen societies and are founded on the basis of contributory unlimited liability. On 30th June 1940, they numbered 11,041 with a membership of 5,97,749. The progress in their number has been steady since 1915, when there were only 1,438 societies of this type in existence. The *Madras Co-operative Manual*, Volume I, contains in Chapters II to IV details as to the constitution, management, and working of these societies besides other particulars. The characteristic features are more or less the same as in other provinces and do not require any description.

Though the by-laws of the societies provide for more than one economic object related to the occupation of husbandry the first object, supply of credit to members has dominated over the other objects firstly because the agriculturists are primarily in need of funds for carrying on the business of agriculture and secondly in practice, it is easier for honorary panchayats to manage credit transactions than the more difficult functions of arranging for the joint purchase and sale of members' produce, etc.

The share capital, deposits from members and non-members and borrowings from the central banks constitute the main sources of the working capital of a rural credit society. The extent to which the village societies have fulfilled the object of the encouragement of thrift, self-help and co-operation can be gauged from the amount of deposits received from the members and the sum accumulated in the reserve funds of societies which represent some form of collective savings of members. On 30th June, 1940, the paid up share capital of the societies stood at Rs. 54.89 lakhs. The deposits from members amounted to only Rs. 9.04 lakhs representing less than two per cent of the working capital. Thus, with a few notable exceptions much success has not been attained in this direction. Deposits from non-members amounted to Rs. 17.54 lakhs or formed 3.7 per cent of the working capital. A sum of Rs. 80.36 lakhs had been accumulated in the reserve fund which represented 16.8 per cent of the total working capital.

A major portion of the working capital, viz., 60.5 per cent is obtained by borrowing from central banks. Societies are practically the distributing agencies for the loans obtained from central banks. The rate of interest at which the societies borrow varies from 5 to 6 per cent. The by-laws of the societies have fixed arbitrarily their maximum borrowing capacity at one-eighth of the total value of the net assets recorded in the property statement (*Hasiyat*), which is supposed to be carefully revised every year, but which, in actual practice, is not quite reliable.

The societies have on the whole fully achieved their first object, that of dispensing credit in a fairly satisfactory measure. On 30th June 1940, the total amount of loans outstanding against members of agricultural primary credit societies was Rs. 352·47 lakhs, the corresponding amount on the same date in 1915 being Rs. 57·73 lakhs. Of this large amount outstanding against members, 42·15 per cent had been advanced on the mortgage of immovable property, 39·21 per cent on the joint personal security of one or more members, and the balance either on the pledge of moveable property (17·63 per cent), on the security of deposits (0·20 per cent), or the simple bond of the borrower. During the last decade loans against the pledge of movables have shown considerable increase. In 1927, they formed only 1·62 per cent of the total while now the percentage is 17·63. Of the latter, loans against standing crops and harvested agricultural produce alone account for 16·84 per cent. It has been laid down in the by-laws that advances on standing crops may be made up to 40 per cent of the estimated value of the crops to be harvested in 30 days, and on produce of members up to 60 per cent of their estimated value in the case of commercial crops and up to 75 to 80 per cent in the case of food crops. The rates of interest on loans vary between $6\frac{1}{4}$ to $7\frac{1}{2}$ per cent.

The periods for which loans are advanced are governed by the peculiar characteristics of the agricultural industry. Loans for cultivation purposes are usually advanced for a period not exceeding twelve months while for purchase of live-stock, implements, etc., the period varies from two to six years. Though, in theory, in an unlimited liability village society the panchayatdars are expected to be able to easily ascertain the repaying capacity of the members, the urgency and purposes for which loans are applied and further watch if the loans advanced have been used for the specified or productive purposes, in actual practice these expectations have not been realised in most of the societies. As a result there have been indiscriminate lendings to the members who are yet to realise in action that borrowing involves repaying. Thus, the overdues have piled up and on 30th June 1940, a sum of Rs. 163·02 lakhs was overdue representing 46 per cent of the demand. Societies have not, on the whole, proved themselves to be successful financial ventures though some benefits may have accrued.

B. CENTRAL BANKS

The early primary societies functioned mainly with the aid of advances by the Government and the deposits received from the richer members, and the Sir Daniel Hamilton's Fund, of which financial aid from the State was the most important. The inadequacy of Government finance, however, became soon patent and the need for a financing agency was keenly felt. Consequently, the first Central Bank, The Madras Central Urban Bank (now called The Madras Provincial Co-operative Bank) was registered in November 1905. As the Act of 1904 did not permit a federation of societies, the membership was

restricted to individuals only, though the object was to finance only co-operative societies. It began to cater to the credit needs of the primary societies throughout the province. As the number of societies increased, the need was again felt for more satisfactory decentralised financial arrangements through the formation of district central banks. The Salem District Urban Bank, registered in 1909, was the first district central bank to be started, followed by the registration of other central banks. The by-laws of all these district central banks were modelled on those of the Madras Central Urban Bank and again only individuals could be admitted as members. It was not until 1912, that this defect could be remedied and societies were admitted as members. This was made permissible by the Co-operative Societies Act (II of 1912) which provided scope for the formation of central societies. By 1920, each of the 25 revenue districts was served with a central bank. At present there are 30 central banks, Vizagapatam, Kistna and Tanjore having two banks each and East Godavari four. Nine of the central banks have opened eleven branches inside their areas. On the whole the central banks have their offices in 40 places in the Province. The branches serve chiefly as deposit receiving centres while the societies which are situated near enough to the branches are allowed to draw loans and remit their funds through them. The older central banks have amended their by-laws suitably and enabled the societies to become members.

As this process of establishing financing agencies at proximate distance to the societies was complete, the Madras Central Urban Bank transformed itself in 1920 into the apex institution; the loans originally advanced by the bank to the primary societies were transferred to the respective central banks, as and when they were formed. It may also be noted here, that alongside the central banks, a different type of financing bank known as the 'banking union' was started between 1912 and 1915. This differed from the other in only one essential respect, viz., societies were also members. The area of operations was the revenue district, unlike the banking unions of North India, whose area of operations was limited to one or two taluqs. Super-venting unions and district federations came into existence and the central banks and banking unions did very little supervision.

The present constitutional structure of the central banks approximates to that of a federation of primary societies. They are of a mixed type, comprising both individuals and societies as shareholders. On 30th June, 1940, the total number of societies affiliated to the banks was 10,881, of which agricultural credit societies numbered 3,208. The individual shareholders numbered 4,160. The administration of the Bank is vested in a Board of Management which has ultimate control over the affairs of the bank. But many of the powers of the Board are delegated to a small executive committee, which is in charge of the day to day administration of the bank such as sanctioning applications for loans from affiliated societies, laying down terms for acceptance of deposits and has general control over the credit policy and administration of the Bank. There are representatives both of the indi-

viduals and societies in the Board, the latter always larger in number, generally twice that of the former. Some banks also co-opt to their Boards influential persons having an intimate knowledge of the locality or who have rendered service to the movement. In pursuance of the recommendations of the Townsend Committee individual directors are in most banks elected by the general body consisting of individual shareholders and affiliated societies. In most of the banks, the functions of the secretary and cashier have been separated, and the former is usually a salaried officer and the latter is always a paid employee.

Objects.—The main objects of a central bank are: (1) to serve as a financing and balancing centre for member societies; (2) to attract deposits from the public—individuals and institutions for financing the member societies; (3) to provide safe investment for the reserve funds of the societies; and (4) to supervise the operations of the member societies by laying down the necessary rules governing the employment of loans and by ascertaining from time to time their financial and general position.

Financial Resources.—The statement appended to this section shows the progress of central banks from 1920-21. The main sources of finance for the central banks, in order of their volume, are the deposits (from members as well as non-members) and the loans and cash credits received from the Madras Provincial Co-operative Bank. The working capital of all the central banks amounted to Rs. 590.33 lakhs on 30th June 1941. The total deposits amounted to Rs. 354.86 lakhs representing about 60 per cent of the working capital. Deposits from individuals and societies stood at Rs. 217.91 lakhs and Rs. 136.95 lakhs respectively. Out of the latter about Rs. 105 lakhs represent the Reserve Funds of the primary societies.

The large proportion of deposits held, particularly from the outside public, clearly indicates that the banks enjoy the confidence of the investing public. The maximum rate of interest offered on deposits is $3\frac{1}{2}$ per cent. Until recently a substantial part of the deposits used to come from the local bodies who were authorised by the Government in 1919-20 to deposit their surplus funds and deposits lodged with them by contractors and employees in the central banks. This rose from Rs. 3 lakhs in 1919 to Rs. 140.08 lakhs in 1930-31, but has since fallen to Rs. 31.25 lakhs in 1939-40 due to certain restrictions imposed on these institutions by the Government in 1939. The proportion of fluid resources to be maintained in respect of demand and time liabilities has been fixed by the Government at 50 per cent of current deposits; 25 per cent of savings deposits and 50 per cent of fixed deposits maturing in the next 30 days. The fluid resources may be maintained either in the form of cash, government paper or cash credits granted by the Imperial Bank of India and the provincial bank on approved securities. Fluid resources have to be maintained only in respect of borrowings from non-co-operative sources, also called "outside liabilities." On the 30th June, 1941 the banks had to

maintain fluid resources for an aggregate liability of Rs. 34.26 lakhs but their actual resources were Rs. 83.61 lakhs.

The central banks' total liquid resources on 30-6-1941 were:—Cash Rs. 33.30 lakhs, Government Promissory Notes Rs. 43.41 lakhs and debentures of the Central Land Mortgage Bank Rs. 28.95 lakhs—in all Rs. 105.66 lakhs out of a deposit liability of about Rs. 250 lakhs (excluding the reserve fund deposits of societies which are practically non-withdrawable).

In 1926, the Government raised the borrowing limit of the central banks to ten times their owned capital and this limit is followed by all the banks. By a recent amendment to the rules under the Act, the Government have empowered the Registrar to raise on application, the maximum borrowing limit to 12 times, provided the additional borrowing is utilised for financing loan and sale societies and subject to the observance of certain conditions. At present the banks could borrow Rs. 8.5 crores on the whole, but have borrowed only Rs. 4.7 crores. They have thus a large reserve credit power. The reserve fund of the banks stood at Rs. 35.44 lakhs and the other funds at Rs. 29.07 lakhs. The greater part of the former was invested in the Provincial Bank and a small sum of about Rs. 2.67 lakhs in the debentures of the Central Land Mortgage Bank which are guaranteed by the local government.

The total loans granted by central banks since their inception amounts to Rs. 38 crores, the largest amount issued in a year being Rs. 3 crores in 1926-27. In 1939-40 the banks issued loans to societies to the extent of Rs. 202.70 lakhs, of which Rs. 155.89 lakhs were for short periods. The total sum outstanding was Rs. 347.77 lakhs. On 30-6-1941 loans outstanding against societies (excluding those under liquidation) stood at Rs. 375.27 lakhs of which Rs. 340.69 lakhs is from agricultural societies. The amount of loans advanced to individuals was Rs. 15.34 lakhs and a sum of Rs. 8.49 lakhs was due from them at the end of the year. The rates of interest on loans varied between 5 and 6½ per cent. In a recent circular, the Reserve Bank of India observed that the central banks should as a rule refrain from advancing long-term loans but where loans for more than 9 months are found necessary care should be taken to ensure that the total amount of such loans does not exceed the paid-up capital and reserves. Even judged by this standard the central banks satisfied the requirements set above. However this question has now been set at rest by a recent amendment in the statutory rule that no co-operative bank other than a land mortgage bank shall grant loans for a period ordinarily exceeding three years and five years in exceptional cases. The overdue loans amounted to Rs. 110 lakhs under principal and Rs. 2.45 lakhs under interest. The total bad and doubtful debts (including loans due from societies under liquidation) amounted to Rs. 40.77 lakhs. The bad debt reserve fund of Rs. 19.59 lakhs and the statutory reserve fund of Rs. 34.67 lakhs together cover more than the aggregate bad and doubtful debts. In the days prior to the depression dividends up to 9 per cent were paid to shareholders,

but in the past 7 years the statutory maximum has been reduced to 5 per cent except in the case of preferential shareholders in a few banks.

After a trial of about two decades in separating finance and supervision the co-operators and the Government have at last realised that under the present circumstances, central banks are perhaps the most suitable agency to supervise the working of societies with the aid of unions where they are found satisfactory and all central banks have now established 'administrative sections' for the due performance of this function. The work of rectification and consolidation is being carried on for the last ten years from 1930-31. The Provincial Bank subsidised the scheme in the beginning by money grants for the employment of a special staff with a view to expedite and complete the work in three years. Though the central banks have spent nearly Rs. 10 lakhs by now on the staff including the subsidy of about Rs. 1.98 lakhs from the provincial bank, much work yet remains to be done.

Statement showing the growth of central banks.

Year.	Number of central banks.	Share capital.	Deposits and other Borrowings.	Reserve fund.	Total working capital.	Book Profit.
		Rs. Lakhs.	Rs. Lakhs.	Rs. Lakhs.	Rs. Lakhs.	Rs. Lakhs.
1920-21	32	18.82	141.19	2.97	162.30	2.06
1921-22	32	24.11	183.62	4.20	211.12	3.89
1922-23	32	28.38	215.20	5.82	247.82	4.31
1923-24	32	32.41	257.16	7.14	296.34	5.80
1924-25	31	36.92	300.61	8.90	344.64	7.12
1925-26	31	40.23	345.98	10.39	395.23	7.23
1926-27	31	44.33	422.67	12.59	477.62	8.87
1927-28	31	48.70	481.18	16.52	542.94	12.19
1928-29	31	52.08	507.91	13.99	576.25	13.21
1929-30	31	56.54	550.59	22.46	627.18	13.34
1930-31	32	57.86	535.07	24.90	615.26	13.64
1931-32	32	57.49	493.69	27.32	576.28	*
1932-33	32	56.10	505.25	28.90	538.74	*
1933-34	32	55.05	451.00	30.10	533.21	13.75
1934-35	32	54.53	402.10	31.33	511.13	14.25
1935-36	32	53.55	389.08	32.74	501.43	14.24
1936-37	31**	50.41	387.56	33.45	499.79	11.73
1937-38	31	49.79	409.68	34.28	523.54	10.64
1938-39	30†	49.58	452.03	34.58	566.24	11.12
1939-40	30	49.43	464.82	34.67	580.30	10.74
1940-41	30	49.71	478.35	35.51	595.10	11.69

*Figures are not available in departmental annual reports.

**Aska Central Bank and the Ganjam Central Bank transferred to Orissa Province and the Chicacole Bank was started.

†The Christian Central Co-operative Bank was liquidated during the year, Y.B.—47

C. PROVINCIAL CO-OPERATIVE BANK

The Madras Central Urban Bank was registered on the 23rd November 1903, as an urban society on limited liability basis, with the specific object of financing all registered societies in the Province of Madras. The first President was Dewan Bahadur K. Krishnaswamy Rao and the secretary was the late Mr. (then Mr.) V. C. Desikachary and they were in no small measure responsible for starting, guiding and controlling the institution. It invested itself of the function of providing funds to the primary societies with the formation of district central banks. But the growth in the number of central banks within a period of about a decade brought to light the necessity for a central controlling body to balance the funds of central banks by taking over their surpluses and supplying them with funds whenever necessary. To meet this situation, the Madras Central Urban Bank was consulted into an Apex Provincial Bank in 1917 in pursuance of the recommendation of the MacLagan Committee (1915). All co-operative organisations, including primary societies were permitted to take shares in it. The original individual shareholders who held Rs. 2 lakhs as share capital, fully paid-up, were styled as preference shareholders and they could be eliminated by purchasing their shares from profits at a fixed premium of Rs. 60 per share, of the nominal value of Rs. 100. They were guaranteed the maximum dividend of 9 per cent and also a preferential right to the capital in the event of liquidation. It was further stipulated that the rate of interest on loans, the main source of income, should not be lowered without the sanction of the Government. In return for these privileges, the share capital of the Bank was allowed to be increased by Rs. 4 lakhs which could be allotted at par only to co-operative societies. But the demand for shares from the primary societies was not much, as only 72 primary societies out of 3,027 societies of all kinds had taken up ordinary shares for Rs. 14,620 on the 30th June 1920, while some societies were also defaulters in respect of the payment of share calls. Hence the idea of affiliating them to the Bank was given up.

In 1920, the Bank evolved itself practically into a federation of central banks with a few individual shareholders also. The shares held by the primary societies whose affiliation was to be discontinued were later on transferred to the respective central banks. The redemption of preference shares commenced in 1923 and continued till 1925 when each individual was left with only one share of the face value of Rs. 100. There are now 30 central banks affiliated to the Provincial Bank, besides the two whose area of operations was transferred from Madras to the newly constituted province of Orissa, but still financed by the Madras Provincial Co-operative Bank in the absence of a separate provincial bank for Orissa.

Management.—The strength of the Board of Management was originally five which was raised to seven in 1910 and nine in 1917 as a result of throwing open the membership to societies, 3 places being reserved for them. In July 1920 the Board was reconstituted again. Each central

bank had one representative on the Board; and the strength of individuals on the Board was fixed at 50 per cent of the number of representatives of central banks subject to a minimum of 12. The strength of the Board then was 36. Due to the unwieldy size of the Board, a smaller body called the Executive Committee was formed to attend to the day-to-day administration of the Bank and this committee was practically vested with all the powers of the Board. Till 1925, of the 9 members of the Committee, six had to be residents of Madras City. In the same year the by-laws were so amended as to secure a majority for the representatives of central banks in the committee and the residential qualification was limited to three, the President, Vice-President and one other member. Until 1938, the representatives of preference shareholders were elected at a separate meeting of their own but since then it has been resolved that they should also be elected by the composite general body. Either the Vice-President or President can also be the representative of central banks. The general body set up a convention in 1929 that the Executive Committee be representative of the different districts suitably grouped. For the triennium 1938-41, the committee consisted of one representative of preference shareholders and eight representatives of central banks. So recently as the 22nd November 1941 the by-law was further amended as to dispense with the necessity of the President or Vice-President being a resident of the city of Madras. The by-law was registered on the spot and in the election that took place on the next day both the President and Vice-President were elected from outside the city and not a single individual shareholder was included in the Committee, all the nine being representatives of central banks. The plurality of voting on the basis of shares held and proxies have been restricted to the general body while the principle of one man, one vote is the rule both in the Board and the Executive Committee. At present the general body consists of 184 individual shareholders with a preferential right to dividend up to 9 per cent. The Board of Management consists of 32 representatives of central banks and 5 representatives of individual shareholders elected at a general meeting of both ordinary and preference shareholders. The term of office of the directors is three years.

Financial Position : (a) Share Capital.—The authorised share capital was initially fixed at Rs. 25,000, divided into 50 shares of Rs. 500 each payable in instalments of Rs. 50 rs and when calls were made. The limit of individual holding was only two shares which was successively raised to five shares of the nominal value of Rs. 2,500 in 1907, Rs. 5,000 in 1910 and finally Rs. 30,000 per central bank in 1920. As per the Co-operative Societies Act, an individual can hold shares to a maximum of Rs. 1,000 only. The following table shows the growth of the share capital and reserve fund.

Year ending.	Share Capital.	Reserve Fund after audit.
	Rs.	Rs.
31st March, 1906 ..	4,200	5
30th June, 1910 ..	82,000	10,848
30th June, 1915 ..	2,00,000	91,000
30th June, 1920 ..	3,44,120	1,58,700
30th June, 1925 ..	5,94,700	5,00,000
30th June, 1930 ..	6,12,750	10,23,000
30th June, 1935 ..	6,58,750	15,25,000
30th June, 1940 ..	6,65,600	19,00,000
30th June, 1941 ..	6,66,500	19,75,000

The present share capital of the Bank is Rs. 6,66,500 held by 32 central banks and 184 individuals who however could hold only one share each of Rs. 100 fully paid up. Substantial dividends have been paid by the Bank; in 1907 and 1908, the rate of dividend was 10 per cent and later 12 per cent till 1914, when the maximum was fixed by the local Government at 9 per cent which has been paid continuously.

(b) *Deposits.*—Except in two years in 1920 and 1921 and that too for external causes, the Bank has not experienced the least difficulty in raising deposits. At first the Bank was receiving only fixed deposits and in 1938, the peak year, it touched Rs. 110 lakhs. Current accounts have been opened since 1911 and the rate of interest has been reduced from 3 per cent in the beginning to $\frac{3}{4}$ per cent at present for sums up to Rs. 50,000. The central banks get interest on balances exceeding this figure at a reduced rate. The reserve funds of the central banks are also accepted as deposits. Besides, other schemes of savings-deposits for encouraging thrift have been opened; prudential deposits (commonly known as savings bank accounts) have been opened since 1916 the rates of interest on the same having been reduced from $4\frac{1}{2}$ to $2\frac{1}{2}$ per cent. Recurring deposits and provident deposits, the former for periods ranging from 1 to 7 years and the latter from 7 to 30 years, were accepted from 1913 to 1927 and 1924 to 1933. The total deposits and borrowings amounted to Rs. 240.36 lakhs on 30th June 1941.

Policy of the Bank and Issue of Loans : (a) *Policy.*—The Policy of the Provincial Bank was from 1920, to confine the issue of loans to central banks only; there was also provision for the grant of loans to individual members on the security of their deposits and G. P. Notes. In the same year special permission was given by the Government to lend to non-member depositors against their deposits. In 1931, the privilege was extended to loans on the pledge of Government securities as well. The Madras Act VI of 1932 permits the grant of loans to any individual on the security of his Deposits. From the time direct loans to societies were stopped the guiding policy of the Provincial Bank has been to recognise the autonomy of central banks and leave them to

make their own arrangements, without external aid, for repayment of deposits.

(b) *Period of loans.*—Most of the loans advanced in the years prior to 1920 were for long periods ranging from 7 to 10 years. Due to the financial stringency in the post-war period, between 1921 and 22, only short-term loans could be granted to central banks; but with the easing of the financial strain, long-term loans for 5 to 12 years were resumed, with a preponderance among loans for five years. However, since 1927, the policy of the Bank has undergone a definite change and loans are granted mostly for periods extending from 1 to 3 years, and in special cases up to 5 years.

The peak figure under loans to central banks was reached in 1930; but from 1931 the history of the Provincial Bank's finance has been one of surpluses and a steady and simultaneous reduction of lending and deposit rates. During the period 1929-31, the Imperial Bank started to curtail the usual credit facilities granted to the Provincial Bank and the central banks, on the cover of co-operative paper. The protests of the banks were of no avail. At present the Provincial Bank has a drawing limit of Rs. 37 lakhs with the Imperial Bank of India secured on Government paper and the other central banks in the aggregate have a drawing limit of Rs. 27.6 lakhs. The latter have secured cash credit facilities from the Provincial Bank to the extent of Rs. 33 lakhs, about 50 per cent being covered by co-operative paper. From 1936 the Reserve Bank of India has agreed to grant to the Provincial Bank financial accommodation against Government paper. During 1939-40 the Bank borrowed Rs. 19 lakhs at 3 per cent on the security of G. P. Notes, of which a sum of Rs. 8 lakhs remained outstanding on 30th June, 1940; but the Reserve Bank would not accept the debentures of the Central Land Mortgage Bank, whose principal and interest are guaranteed by the Madras Government, as security for advances.

In the original by-laws of the Bank, the maximum borrowing and lending rates were fixed at 6 and 7 per cent respectively. The lending rate was subsequently raised to $7\frac{1}{2}$ per cent. The rates of interest have been gradually reduced from $7\frac{1}{2}$ per cent to $3\frac{1}{2}$ per cent in the course of 7 years from 1931 to 1938 and now the margin available to the Provincial Bank is about half per cent. This drastic reduction in the lending rates during a period when additional direct financial help to the tune of Rs. 3.2 lakhs was rendered to central banks by way of subvention and subsidies has not affected adversely the profit-earning and dividend-paying capacity of the Provincial Bank.

As part of the scheme of 'controlled finance', the Bank has introduced an important feature, that of advancing loans on the pledge of produce raised by members of societies. These loans are intended to meet the needs of the cultivator from the stage of production to marketing and sale, and they run for a period of about 9 months and rotate rapidly. A sum of Rs. 92 lakhs was advanced in 1940-41 on the above head, as against Rs. 62.35 lakhs in 1939-40 and Rs. 40.14 lakhs in 1938-39.

(c) *Long-term loans.*—In 1928, before the inauguration of the Central Land Mortgage Bank there was a proposal to make the Provincial Bank the managing agent for the floatation of debentures to raise money to provide for long-term loans, similar to conditions prevailing in Bombay. In 1927, a beginning was actually made to obtain long-term funds by offering Rs. 5 lakhs of uncovered debentures at 5 per cent at an issue price of Rs. 95. A sum of Rs. 2.15 lakhs was only subscribed and this was granted as loans to primary land mortgage banks for 20 years. After the inauguration of the Central Land Mortgage Bank, the investment in the debentures of the primary land mortgage banks was stopped and against a sum of Rs. 1.55 lakhs so invested there was a balance of Rs. 78,000. The debentures issued by the Bank were redeemed in full by 1st December 1940.

The Provincial Bank has not lagged behind in granting loans to non-agricultural societies. The most important venture is that of financing the co-operative sugar factory at Vuyyur, Kistna Dt. The Bank advanced a sum of Rs. 14.5 lakhs during the first two years of its working for block expenditure, besides advances from time to time on the security of sugar manufactured by the factory. The recovery was effected from the sale proceeds of sugar. The factory owed to the Provincial Bank a sum of Rs. 6.5 lakhs recently under advances for block expenses.

The following table shows the loans outstanding and investments in Government securities:—

Year ending.	Loan to societies.	Investments in G. P. Notes.
	Rs.	Rs.
31st March 1906	2,000	..
30th June 1910	9,21,650	..
30th June 1912	20,91,553	66,852
30th June 1920	50,48,687	3,33,427
30th June 1930	1,15,13,462	58,26,627
30th June 1934	5,30,279	1,46,91,095
30th June 1938	42,28,937	1,26,47,282
30th June 1940	1,01,76,649	1,25,63,330
30th June 1941	1,17,18,360	1,22,42,930

Though the Bank had to rely on the Registrar for obtaining the financial particulars of the indebted and borrowing societies, it did not relax the careful watch kept over the societies and central banks. From 1922, it introduced a systematic review of progress reports and later arranged half-yearly conferences of central banks. A scheme of rectification and consolidation was also framed in 1930 sanc-

tioning financial aid for a period of 3 years to all central banks undertaking to engage special staff for the purpose. The total expenditure by the Provincial Bank under this head for the ten years ending with 1939-40 amounted to Rs. 1,97,507. The Provincial Bank is also helping the central banks financially in the matter of developing crop-finance and marketing. From 1935-36 subsidies have been granted with a view to organise loan and sale societies and help the ryot to secure better prices for his crop by holding it up for better markets. These grants are all distributed to central banks. Such grants amounted to Rs. 1,14,525 for the six years ending with 1940-41. Special subsidies are also being given to the sale societies, which undertake the marketing of the members' produce.

Fluid resources are maintained by the Bank as prescribed by the Government, at 40 per cent of current deposits, 50 per cent of fixed deposits maturing next 30 days, 25 per cent of prudential deposits and 50 per cent of undrawn cash credits.

Other activities.—The Bank has been the member of the Madras Clearing House since 1933 to facilitate the clearance of cheques and bills, which have grown in volume as a result of the increasing business in current account. It has interested itself in arranging periodical conferences of its affiliated central banks at which the representatives meet and discuss matters of common interest. From 1926, the conferences are held under the auspices of the Provincial Co-operative Bank; but previously they were conducted at the office of the Registrar and till 1931 the conferences were held half yearly and thereafter annually. Important decisions of policy are arrived at in these conferences and though they do not have the binding of a statute, the banks adhere to them loyally. At the conference of 1926, the central banks agreed to regulate their rates on deposits to a maximum of half per cent lower than the lending rate of the Provincial Bank. This was adhered to till 1940, when it was decided that central banks might offer rates not exceeding the lending rate of the Provincial Bank. Another important matter of controversy has also ended happily, all the central banks agreeing to their inspection by the Directors of the Provincial Bank. The Madras Co-operative Societies' Act VI of 1932 contains a separate section providing for such inspection.

Out of the Common Good Fund, the Bank has given the substantial sum of Rs. 1,30,000 to the Madras Provincial Co-operative Union for co-operative education, propaganda, rural reconstruction schemes, etc., Rs. 20,600 for boys' and girls' education, Rs. 5,150 towards relief of sufferers from earth-quakes, floods, famines and fires and Rs. 11,700 to libraries, hospitals and poor homes. It has also attended to the amenities of the employees by instituting a scheme of provident fund and free medical relief. In short, in the words of the Registrar, "The Madras Provincial Co-operative Bank must now be counted among the major banks of the country. It worked on sound business lines and was in many respects a model for other provinces."

D. LAND MORTGAGE BANKS

Primary Land Mortgage Banks.—Madras has achieved a far greater measure of success than any other Province in India in organising a system of long-term credit for agriculturists. The primary land mortgage banks which, though of comparatively recent genesis and growth, have made substantial progress. There are now 119 primary land mortgage banks in the Province with a central land mortgage bank at the top, actually serving 4,500 villages but meant to serve in due course 17,250 villages.

Until twelve years ago, the co-operative banks, besides providing funds for agriculture, marketing and other short and medium-term needs also endeavoured to meet the demand for long-term loans for the clearance of prior debts and improvements to land, from the members. In Tamil districts, particularly, the societies advanced loans generally for periods up to ten years for the liquidation of prior debts. The acceptance by the Government in 1919 of a policy of a more rapid expansion of the movement which resulted in an increased demand for money by rural credit societies and for short and intermediate loans and the experiments in long-term credit institutions tried in some other provinces, among other contributory factors, impressed the co-operators and the Department in Madras with the urgent need for constituting a separate agency for providing the long-term requirements of the agriculturists. It was further realised that it was not safe to continue the policy of issuing loans for long periods from deposits accepted for short periods which was unsound from a banking point of view. Hence schemes were put forth for devising a suitable method of collecting long-term funds for long-term investments. The earliest scheme was that of Mr. F. R. Hemingway, who in 1919, advocated a system of debentures backed up by mortgages taken from members of primary co-operative credit societies on un-encumbered immovable property for the purpose of raising long-term deposits. Though in some respects this is based on the scheme followed in the Central Provinces, it was an improvement on that of the latter, as the debentures were to be issued in series, each series being secured by specific mortgages of property, which could at any time during the currency of the debentures be replaced by other mortgages. However, the scheme after the careful scrutiny of officials and non-officials who tried to further improve on it, was kept in abeyance by the Government, presumably as it held the view that it would be dangerous to link up long-term mortgage loans with the operations of the ordinary co-operative banks.

Eventually the Government in 1925 sanctioned the organisation of primary land mortgage banks in select centres as an experimental measure. To encourage and popularise the debentures issued by these banks the Government agreed to purchase debentures for an amount equal to those to be issued to the public, subject to a maximum of Rs. 50,000 per bank and Rs. 2½ lakhs for the whole Presidency. As per the scheme, 12 land mortgage banks were organised by 1927.

They experienced difficulties in selling the debentures locally in spite of Government assurance and only three out of the twelve banks could find purchasers for their debentures. Therefore in pursuance of the recommendations of the Townsend Committee (1927) and the Royal Commission on Agriculture (1928) that the system of primary banks issuing their own debentures was unsound and that their issue should be centralised by the formation of a Central Land Mortgage Bank, the Government in 1929 sanctioned the creation of the Bank to float debentures on the assets transferred to it by the primary banks and to finance them out of the proceeds of such debentures, thus avoiding the flooding of the market with diverse unco-ordinated debentures of the competing primary banks.

The area of operations of a primary land mortgage bank which was originally confined to a compact group of villages has, with the experience gained, been extended to cover a revenue taluk. Any person owning agricultural land within the jurisdiction of the bank can become a member. The borrowings of the bank are entirely drawn from the Central Land Mortgage Bank which lends up to twenty times the paid-up share capital plus reserve fund. No primary bank floats debentures now. The primary banks advance monies to their members up to 50 per cent of the estimated value in respect of wet and well-irrigated lands, and 25 to 30 per cent in the case of systematically cultivated rainfed lands. The lands are revalued every year to ensure adequate cover. The maximum individual loan is fixed generally at Rs. 5,000 bearing interest at one per cent more than the borrowing rate of the bank and repayable in twenty years. Neither the by-laws nor the conditions of business permit the grant of extensions of time for repayment. As it is felt that there should obviously be a little margin between the maximum period of the debenture and the maximum period of the loan, to provide for exigencies, such as famine, periodical scarcity, floods, etc., the Government have under their consideration the question of reducing the period of the loans to 17 or 18 years.

The objects for which loans are granted cover (1) the redemption of mortgages on agricultural land, (2) the discharge of prior debts, the improvement of agricultural land and methods of cultivation and the purchase of land, in special cases to consolidate one's holding. The bank is managed by a Board usually consisting of nine members who lend their services free. A member desirous of obtaining a loan from a primary bank on the mortgage of his lands has to apply to the bank working in the area in which his lands are situated, in the prescribed form furnishing full details of his assets and liabilities and also filing documents of title to the property to be mortgaged. The preliminary inspection of the fields, the assessment of their value based on the recent prices of neighbouring plots and the actual state of yield from the proposed hypotheca and ascertaining the repaying capacity of the member based on his net income after the deduction of kist and other expenditure are all made by the Supervisor of the Bank and a Director who are deputed for the purpose. An encum-

brance certificate is also obtained for the land to be mortgaged. After the legal adviser of the Bank, to whom the above papers are sent sends his report on the validity of the borrower's title to the lands, the whole file is handed over to the co-operative Sub-Registrar in charge of the bank, who investigates every detail, inspects the lands personally, assesses the value of the land and repaying capacity and gives a report on the desirability or otherwise of sanctioning the loan. The Board of Directors of the primary bank then sanction or reject the loan. All applications sanctioned are sent to the Deputy Registrar of Land Mortgage Banks who forwards them with his recommendation to the Central Land Mortgage Bank. The title and other details are checked in the office of the Central Land Mortgage Bank and placed before the Executive Committee of the Bank. On receipt of intimation of sanction, the primary banks obtain mortgage bonds from the applicants and assign them to the Central Land Mortgage Bank. The bonds are verified in the Central Land Mortgage Bank and loans disbursed to the primary banks, who in turn disburse them to the borrowers.

The Government have extended to the land mortgage banks several concessions and privileges. They need pay only one half of the fees in force for the registration of documents. In respect of loan applications exceeding Rs. 2,000 only one half of the fee is levied for search applications to ascertain encumbrances on the lands mortgaged. Besides, full remission is granted in respect of fees for obtaining encumbrance certificates for loan applications of Rs. 2,000 and below. Village maps, settlement registers and the district gazette are supplied free of cost.

In 1934, the Madras Co-operative Land Mortgage Banks' Act was passed into law with the object of conferring special powers to meet the various difficulties experienced in their working. In order to ensure quick recoveries in the event of default provisions giving summary powers of distraint and sale of crops on the hypothecated land and sale of mortgage properties without the intervention of the court have been made in the Act. It has further enabled the Provincial Government to guarantee the debentures of the Central Land Mortgage Bank and has given the latter a general power of supervision over the primary land mortgage banks.

The Madras Co-operative Central Land Mortgage Bank.—Membership and Share-capital.—The Central Land Mortgage Bank was registered in December, 1929, with the main object of financing primary land mortgage banks. Under the by-laws the membership is open to individuals and primary banks. In 1934, the Government of Madras was enabled, by amending the by-laws, to take shares and become a member. It took five shares and are transferring two of them to one of the two persons nominated by them to the Board. The authorised capital of the Bank was initially fixed at Rs. 10,000 but recently raised to Rs. 20 lakhs made up of 20,000 shares of Rs. 100 each fully paid up. The maximum holding of (shares by) an indi-

vidual was originally fixed at Rs. 5,000 but in 1934 was limited to Rs. 20,000. There is no restriction regarding the number of shares that the primary banks can take but they should necessarily take one share for every sum of Rs. 5,000, that they borrow. The statement appended to this section shows the number of members and share capital on the 30th June every year since the bank was started. The paid up capital of the Bank on the 30th June 1941 was Rs. 9,35,100.

Management.—The administration of the Bank is vested in a Board of Directors, the number of members of which was raised from 12 to 15 in 1934 and now consists of 18 members, 6 representing individual shareholders elected by them, 9 representing primary banks elected by representatives of share holding banks, one individual shareholder and another person nominated by the Registrar of Co-operative Societies, who is also the Trustee, and the ex-officio member of the Board and the Executive Committee. The day-to-day administration of the Bank and the sanctioning of loans is in the hands of an Executive Committee constituted by the Board consisting of the President, the Vice-President, the Treasurer and two more members of the Board and the Registrar of Co-operative Societies. If either of the Registrar's nominees is not on the Executive Committee the Registrar nominates one of them to the Executive Committee when it consists of seven members.

Loan Transactions.—The loan transactions of the Bank developed slowly in the first few years as it took time to resuscitate the dormant primary banks, but rapidly increased thereafter. During the year 1938-39 the advances reached the record level of Rs. 58.53 lakhs. There was a lull in the business of the Bank during the year 1937-38 due to the publication of the Agriculturists' Relief Bill which affected the prior debts of the members for the redemption of which the Bank has largely been lending. The reasons for the decline in the loan transactions in 1939-40 and 1940-41 are mainly two: (1) The suspension of the issue of new loans for nearly three to four months, consequent on the discontinuance by the Madras Government of the temporary accommodation to the Bank for the issue of loans to be repaid on flotation of a debenture loan by the Bank and (2) the decision of the Bank, on resumption of business, to pursue a policy of issuing loans up to a maximum of Rs. 5,000 to an individual instead of Rs. 10,000 which had been previously issued in select areas.

The bulk of the loans so far issued has gone to liquidate the prior debts of members, incurred for purposes like marriages, education, litigation, purchase and improvements of lands, etc. But the Board has recently resolved to approach the departments of Revenue, Irrigation, Industries and Agriculture, etc., for co-operation and start issuing loans for land improvement. The Board further decided to restrict them for the following purposes:—(1) all land improvement including irrigation facilities and other objects mentioned in the Takkaivi Manual, growing of fruit trees and plantations and installation of

machinery, (2) building of granaries and tobacco barns, (3) purchase of land to round off holdings, and (4) extraordinary demands such as those due to famine or floods.

From its inception the Bank maintained a margin of one per cent between its borrowing and lending rates, the primary banks also adhering to the same margin, thus the ultimate borrower being charged two per cent over the rate at which the Central Land Mortgage Bank issued its debentures. In 1937 the Government, on the advice of the Reserve Bank of India urged on the Bank the need for increasing the margin between its borrowing and lending rates to ultimate borrowers to $2\frac{1}{2}$ per cent and reduce the rate of dividend to one per cent above the rate at which the debentures were issued last in that year to enable the Bank to speedily build up its reserves. This came into force after April 1938. In 1941, due to insistence again by the Government the Bank has increased the margin to 3 per cent. The present borrowing rate of the Bank is $3\frac{1}{2}$ per cent, its lending rate is $5\frac{1}{2}$ per cent and the rate of interest charged by the primary banks to their borrowers is $6\frac{1}{2}$ per cent. The one satisfactory feature in the working of the Bank was that there were no overdues from the primary banks either under principal or interest from the inception of the Bank, except for one or two years. The overdues from members to primary banks have also been negligible. The amount of loans outstanding to the Bank was Rs. 241.48 lakhs on 30th June 1941 as against Rs. 218.99 lakhs in 1940.

Borrowings.—The funds are obtained chiefly by flotation of debentures. The interests of the debenture holders are safeguarded by the Registrar, in his capacity as the Trustee to the debenture holders. The Instrument of Trust executed by the Board on the one hand and the Trustee on the other, lays down the conditions of issue and redemption of debentures, the disposal of collections received from primary banks and other details. The debentures issued are secured on the mortgages and other assets transferred by mortgage banks and vested in the Trustee and on the other properties of the Bank. The debenture holders have a floating charge on the assets of the Bank. The total amount of debentures in circulation at any time shall not exceed the total amount from time to time owing on the security of mortgages. In the matter of security, they rank *pari passu* with one another and are transferable only by means of a transfer deed which is exempt from stamp duty. The Bank issues interest warrants for the payment of half yearly interest while the principal amount is repayable on the stipulated date or earlier in accordance with the terms of the issue. The first eight series of debentures issued prior to the enactment of the Land Mortgage Banks' Act and the ninth series were issued with the condition that the Bank was at liberty to redeem any or all of them on three months' notice. From the tenth to the twenty-third series the debentures were issued with the stipulation that in the first ten years from the date of issue the Bank could redeem them only to the extent of principal collections received from primary banks and

thereafter all or any of them on three months' notice. The condition for the 24th and subsequent series was that they were irredeemable for the first 10 years and thereafter to be redeemed at the option of the Bank. In 1940 the method of redemption of debentures up to the XXIII series was slightly changed to utilise all principal collections received in redeeming first, debentures carrying higher rates of interest and only then those carrying lower rates of interest.

Government Guarantee.—At the time of the inception of the Bank the Government, with the permission of the Legislative Council, guaranteed the interest on debentures issued by the Bank in the first five years up to an extent of Rs. 50 lakhs. As the unconditional guarantee by the Provincial Government of both the principal and interest was necessary to include the debentures in the list of Trustee Securities and enable the institutions which were precluded so far, to invest in them, the Government took power, under Section 6, to guarantee the principal of and interest on the debentures issued by the Bank after the passage of the Act up to a maximum amount fixed by them and also under Section 7 to guarantee the principal of and interest on the debentures issued by the Bank prior to the Act. Thus under Section 6 they agreed to guarantee, fully and unconditionally both the principal of and interest on the debentures up to a maximum of Rs. 50 lakhs which limit has been extended from time to time and at present stands at Rs. 310 lakhs. Under Section 7 of the Act the Government guaranteed debentures of the value of Rs. 24,08,900 in circulation on 15th November 1934. At the same time the Indian Trusts' Act was amended providing "that securities both the principal whethor of and interest whereon shall have been fully and unconditionally guaranteed by any such Government shall be deemed for the purposes of the Trusts' Act as securities of that Government." Now that the debentures have been fully and unconditionally guaranteed by the Government and declared as Trustee securities, co-operative as well as joint stock concerns freely advance loans on their security, except however the Reserve Bank of India which can have no valid objection to accept the debentures as security.

Debenture Redemption and Sinking Fund.—As per the original Trust Deed all collections were to be pooled in a separate account and utilised according to the directions of the Trustee firstly, to meet the working expenses of the Bank, secondly, for payment of interest on debentures, thirdly, for payment of dividend on shares, etc., and fourthly, to carry such amount as was determined by the Trustee to a Redemption Fund, to redeem debentures and till then to be invested in Government securities. The revised trust deed provides for a general redemption fund account. The principal collections of the loans issued from the funds raised up to the 23rd series are credited to this account and a drawing is held, twice a year, to determine by lot the debentures to be redeemed to the extent of funds available in the account.

In respect of the 24th and subsequent series the Government on the advice of the Reserve Bank of India, have instructed that a separate sinking fund account should be maintained for each series into which the Bank should pay annually an amount which, with compound interest at an assured rate, would provide at the end of the period sufficient funds to pay off the debentures on maturity. The accumulated funds in the account can be invested, only for short periods, in the Provincial Co-operative Bank, postal cash certificates, Government securities and its own debentures. Accordingly the Bank has opened separate current and investment accounts for the sinking funds of all series beginning with the 24th series. For administrative convenience as well as financial reasons the Bank has decided to remit into the account once a week the principal collections of the loans. The following table gives details of the amounts that should be in the Sinking Fund account of each series on the 30th June 1941 according to the scheme of the Reserve Bank of India and the amount actually invested by the Bank in the Sinking Fund account on that date.

Series No.	Amount that should be in the sinking fund account as per the scheme of the Reserve Bank of India.	Amount actually invested by the Bank.
	Rs.	Rs.
24th	2,30,060	3,97,610
25th	2,06,870	3,85,556
26th	1,51,096	2,91,544
27th	70,722	1,73,565
28th	Nil	1,36,272
29th	Nil	1,00,456
30th	Nil	20,249
	<u>6,60,748</u>	<u>15,05,222</u>

Government Staff.—In the beginning, 10 appraising officers of the cadre of co-operative sub-registrars for the purpose of appraising the value of lands offered for mortgage on behalf of the mortgage banks and 2 officers of the cadre of Deputy Registrars to inspect the land mortgage banks on behalf of the Central Land Mortgage Bank and the trustee, were sanctioned. The staff has been increased from time to time and at present there are 34 co-operative sub-registrars and 3 deputy registrars in charge of the land mortgage bank work. In the initial stages the Government accepted to meet the cost of the officers. But since 1934-35, the Central Land Mortgage Bank has been bearing the cost of the Deputy Registrars and their establishment and contingent charges. In 1940-41, the Bank had to pay to the Government Rs. 26,723 towards the cost of these officers. The Government who

have been bearing the full cost of the co-operative sub-registrars amounting nearly to Rs. 70,000 a year have recently directed the Bank to contribute at least a portion of the cost. Thus a third of the cost incurred by the Government is now agreed to be paid by the Bank. The Bank also received in the first two years of its working a subsidy of Rs. 29,000 from the Government towards its working expenses.

Reserves.—Though the by-laws originally laid down that not less than 25 per cent of the net profits shall be carried to reserve fund, the Bank actually set apart a larger proportion besides providing substantial amounts for bad debt, depreciation and other reserves. In January 1941, the by-law was amended and 40 per cent of the declared profits was fixed as the proportion to be carried to the reserve fund. On the 30th of June 1941, the statutory reserve fund of the Bank was Rs. 2,93,003 and the other reserves amounted to Rs. 2,61,743. For the year ending June '41 the Bank earned a net profit of Rs. 2,41,409. After payment of a dividend at 4½ per cent on the share capital it is understood a sum of about Rs. 2,00,000 will be available to be credited to one or other of the reserves of the Bank this year. The Central Land Mortgage Bank has been progressing on sound, though conservative lines. The expansion of business has been steady and the management, efficient, prudent and cautious. Thus the institution is held up as a model for the rest of India.

E. URBAN CREDIT SOCIETIES

Madras, as has already been referred to, possessed in the Nidhis in urban areas a sort of quasi-co-operative banks which provided for the credit needs of the smaller industrialists and employees. While laying emphasis on the organisation and development of rural credit institutions, the Act of 1904 (India) recognised that the interests of the smaller artisans, traders, shop-keepers, industrial employees and others in urban areas required protection from the baneful influence of the money-lender and facilities should therefore be provided for reasonable credit to them. The earlier societies adopted the methods already in vogue in the Nidhis. The MacLagan Committee in 1915 advised an expansion of urban societies and as a result, there was a rapid increase in the number of societies and volume of business. Again in 1931 the Central Banking Enquiry Committee, after reviewing the position recommended the establishment of urban banks under suitable conditions and facilities. They laid down that the urban banks should try to do for the small trader, the small merchant and the middle class population what the commercial banks were doing for the big trader and the big merchant. The first urban co-operative society was formed in 1904 at Conjeevaram and gradually a number of urban credit societies came into existence. At the end of the year 1939-40, there were 1,161 urban credit societies* with a membership

* The Statistical statements in the annual reports of the Registrar do not furnish separate figures in respect of urban banks, strictly so-called.

PROGRESS OF THE MADRAS CENTRAL LAND MORTGAGE BANK

Year.	No. of members.		Paid-up share capital.	Reserve and other funds.		Debentures in circulation.	Total of other borrowings.	Loans outstanding.	Net Profit.
	Banks	Individuals.		R.F. separately invested.	Other funds.				
1	2	3	4	5	6	7	8	9	10.
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1929-30	19	124	70,400	.	..	..	63,000	42,200	1,358
1930-31	37	166	99,500	340	1,018	3,51,900	1,49,332	5,38,684	7,212
1931-32	35	163	1,07,000	340	1,018	10,78,900	1,51,903	11,31,004	18,920
1932-33	50	181	1,45,600	6,873	13,442	20,83,300	2,19,045	20,92,734	15,223
1933-34	63	190	1,94,300	13,675	13,442	34,55,800	76,706	33,82,135	41,111
1934-35	71	190	2,38,400	44,328	13,462	50,92,700	1,86,833	51,04,426	69,327
1935-36	79	195	3,58,900	1,00,684	25,367	79,41,400	4,80,112	78,65,231	46,765
1936-37	90	457	5,34,300	1,12,715	53,204	1,11,84,400	2,55,869	1,12,85,968	64,422
1937-38	94	478	6,69,300	1,35,618	1,02,722	1,31,85,700	10,58,573	1,40,79,859	82,962
1938-39	106	466	7,76,500	1,75,761	1,33,443	1,60,56,200	32,94,678	1,89,17,981	1,12,715
1939-40	119	461	8,65,600	2,15,785	2,37,423	1,91,84,600	32,73,205	2,18,80,950	1,20,541
1940-41	119	455	9,35,100	2,93,003	2,61,743	2,43,26,300	14,92,533	2,41,46,955	2,41,409

of 3,42,757. These include urban banks which transact in current accounts also, ordinary urban credit societies and societies for Government servants and employees of local boards, municipalities, firms or factories. Most of the societies accept fixed and savings deposits only. They have neither the equipment nor the trained personnel to carry on current account business.

The constitution and administrative control provided for the urban societies have been closely modelled on those of the rural credit societies, but there is some divergence in actual practice, dictated by the entirely different problems to be tackled in urban areas and the differences in environment. Unlimited liability, which is the rule in rural societies is obviously not suitable to the urban areas. Of the 1,161 non-agricultural credit societies, only 131 were of the unlimited liability type; most of them are poor men's societies that could not raise sufficient share capital. Further, the transactions of the urban credit societies are more brisk and the turnover more rapid than in village societies.

By far the most important source of the funds of the urban banks is the share capital which is the basis for raising outside credit. This stood at Rs. 93,26,792 forming 21.7 per cent of the working capital which was Rs. 4,30,60,967. Next in importance comes the deposits from members and non-members. Here the urban societies show a marked improvement over that of the rural societies by receiving large amounts of deposits from members as well as non-members. During 1939-40 the total deposits held from members and non-members were Rs. 1,14,63,307 and Rs. 1,37,57,094 respectively. Even the fluctuating conditions of the money market consequent on the war have not affected these banks. In fact deposits were received or renewed from non-members for about two crores of rupees during the same period. Recently the "day deposit scheme" has been introduced in urban banks for the purpose of inculcating the habit of thrift among the urban population. The scheme has so far been introduced in 30 banks and 4,223 members are now paying their daily subscriptions. The amount of deposits outstanding to the credit of the members at the end of the year was Rs. 70,765. Though this is not large, the fact that it has been built up by the small daily subscriptions of the members is encouraging.

The societies also get accommodation from the central banks in the form of cash credits for the purpose of maintaining adequate fluid resources to meet the depositors' claims on maturity. Urban banks and societies with deposits and loans exceeding Rs. 20,000 are required to maintain fluid resources. Of these 22 to 35 societies failed to maintain the required standard during the four quarters of 1939-40. The non-agricultural credit societies have generally been prompt in meeting their obligations to the creditors, the percentage of balance to demand being only 1.6 which was negligible. Of the 898 societies with outside borrowings, 324 could obtain deposits from members and

the public sufficient for their requirements and had not to borrow from central banks, while only 225 societies had to depend entirely on central banks for their finance. The total amount of loans from central banks outstanding amounted to Rs. 31,24,832. The usual rate of interest on loans varied from 4 to 6¼ per cent.

Loans are usually issued for short-term purposes and repayments effected in monthly instalments. The security may be personal, mortgage of immovable property, deposits, Government Paper or insurance policies and jewels. The commonest form of security for most of the loans is house property. During 1939-40 the societies disbursed loans aggregating to Rs. 296·58 lakhs and recovered Rs. 285·27 lakhs. The arrears due from members at the end of the year totalled Rs. 66·65 lakhs i.e., 19 per cent of the total demand. The remarks of the Madras Banking Enquiry Committee that "theoretically, they are expected to grant loans only for useful purposes to be specified clearly by the applicant and approved by the Panchayat but actually there is no scrutiny of the purpose or application of the loan" still holds good though some improvement has been effected. There has been a general reduction in the rate of interest on lendings from nearly 9 per cent to 6¼ per cent. The penal rate of interest of nearly 12½ per cent which was usually levied has been abolished. This is a real benefit conferred by the co-operative movement. The usual rate of dividend is 6¼ per cent.

Employees' Societies.—Of the total number of 1,161 non-agricultural credit societies at the end of the year 1939-40, 497 were exclusively for Government servants, employees of local bodies, firms etc., with a total membership of 11,37,404, a share capital of Rs. 46·88 lakhs and a working capital of Rs. 166·52 lakhs. The borrowings of the societies included deposits from members and other individuals to the extent of Rs. 55·51 lakhs and Rs. 47·37 lakhs, respectively and loans from central banks amounting to Rs. 7·85 lakhs. They issued loans to members aggregating to Rs. 173·64 lakhs. The overdues at the end of the year amounted to Rs. 12·47 lakhs.

CONSUMERS' STORES

Madras has earned a reputation in the rest of India for ability to run consumers' co-operative stores, which is not yet quite deserved. The fame of the T.U.C.S.—"The Triplicane Stores"—has spread far and wide and its success has for long covered the failure of a number of stores in the presidency. Even more than that, the success of the stores run by the Madras in Bombay, Poona, Delhi, Karachi and Nagpur where almost all the other stores organised have failed, has added to the reputation of the Madras in this line. Outsiders are not aware of the actual situation, at any rate of the situation till 1940, when the Vijayaraghavacharya Committee on Co-operation reported. Their finding was that "the history of consumers' or distributive co-operation in this province, with the single exception of the Triplicane Stores, has not been a record of success." But Madras was by no means behind any other province in this field. It

had besides the T.U.C.S., a few other, but smaller, societies working successfully.

The earliest store societies, including the T.U.C.S., had to combine credit with store business to get registered under the Co-operative Credit Societies' Act of 1904. There were only 11 such societies by 1914 and sale proceeds amounted to Rs. 7.5 lakhs, out of which the share of the T.U.C.S. was Rs. 6.4 lakhs. Five more societies were started during the course of the last war, but transactions strangely enough declined in the T.U.C.S., and other societies. It was the abnormal rise in prices in the closing year of the war and for a few years after that stimulated the organisation of a number of co-operative stores in small as well as big towns in the province. There were as many as 103 stores in 1920-21 and their total sales amounted to Rs. 17.5 lakhs or thereabouts. Half of this, however, was contributed by the T.U.C.S.—a proportion which was more or less maintained till 1938-39.

The active life of most of these stores was unfortunately quite short. The high rate of infant mortality was to some extent obscured by the springing up of new stores. With the fall in prices, there was a reaction. The number of stores went down to 85 and sales to Rs. 14.32 lakhs in 1922-23, the lowest figure ever recorded since 1918. In the regime of expansion which followed more societies were organised. The number exceeded 100 and transactions Rs. 22 lakhs. With the economic depression that began in 1929 there began a decline in the number of store societies and their sale proceeds. The bottom was touched in 1936-37, when there remained only 58 stores with sales amounting to Rs. 19 lakhs, though on account of the rapid decline in prices the quantum of sales did not fall so low. The experiment was not a success in many of the district headquarter towns, not to speak of smaller towns.

Among the societies which have had steadier sales, but nothing spectacular, might be mentioned those at Coimbatore, Madura, Salem, Kodaikanal and Ootacamund. Societies composed of Government servants or professional classes with a steady income have been more successful in the larger towns and also in temporary out-of-the-way work-spots like Mettur and Pykara. Failure has been more common in smaller towns, particularly in the Telugu districts. Only a few attempts were made at organizing stores for the employees of factories. The most successful of this type was that at Aravankadu Cordite Factory (Nilgiris). A few stores flourished because of the patronage of temple trustees, as at Rameswaram. Generally, stores were not organized on a communal basis. We find that two such societies, one for Anglo-Indians at Coonoor and another for Madhwa Brahmins at Triplicane, failed very soon. An attempt to link town and country was a success at Kodaikanal, whose society extended its distributive service to the villagers in Upper Palnis, who had been badly exploited by merchants, and in turn purchased garlic and other crops of theirs.

The failure or poor progress of most of the store societies in the province has been ascribed to a number of causes in the annual administration reports and elsewhere. Some of the stores suffered by wrong location. Purchases were not made in the proper centres, in the proper

seasons and in sufficient bulk. Prices paid were, therefore, unfavourable. Working capital was insufficient for stocking goods; and the Central Banks were not, generally, inclined to help the stores to buy in bulk and stock in advance. There was not enough business talent among members of the managing committee; if there was, it was not dissociated from self-seeking. Due to lack of workers with leisure and inclination to do sustained work, paid staff had to be appointed for every kind of work and that added to the overhead costs which had to be spread over a limited quantity of goods. The margin that obtains between the wholesale and retail prices is much too small in our markets, where there is cut-throat competition among dealers who are far too numerous for the volume of business done. The violent fluctuations in prices between the time of purchase and that of sale in certain years forced some societies to close down. The depression hit hard every kind of institution, and the store had its share of troubles. Members found it more and more difficult to purchase for cash. The permission given by the Registrar to societies to sell on credit up to half the salary of a member was not of much avail to many. In fact there are few towns where a large clientele could be found with a steady and substantial income to be depended upon to be ever loyal to the society. The salaries of most of the middle class educated men in towns are lower than the wages of the better type of working classes who are the backbone of the urban consumers' stores in industrialised countries and even of the rural stores in Denmark. Our working classes, even those in organised industries who have a steadier though smaller income, were practically left untouched.

This was the situation just prior to the present war. There were in all 85 stores, with sales amounting to Rs. 23·7 lakhs, in 1938-39. An era of expansion has again begun, but on an unprecedented scale. One of the directions of the new departmental drive was towards the organisation of a large number of consumers' societies in many urban and some rural centres too. The number of stores trebled in the course of one year, from 85 to 237, and the total sales increased by 50 per cent from Rs. 23·7 lakhs to Rs. 35·6 lakhs. The tendency to profiteer was noticed soon after the outbreak of the war, though the steps taken or threatened to be taken by the Government to control prices checked that tendency considerably. It was considered that the time was "most opportune for the starting of new societies and for enlarging the business of existing ones." In the next annual report of the Registrar it was stated that "if profiteering in foodstuffs had continued a little longer, the number and business of co-operative stores would have increased by leaps and bounds" and that the inauguration of the stores was itself a check on profiteering. This "new impetus to consumers' co-operation after a long period of comparative stagnation," we learn, has resulted in a still further addition of over one hundred societies in the last co-operative year, (ending 30th June 1941) and an increase of nearly Rs. 25 lakhs in the total sales. This means a quadrupling of societies and trebling of sales since 1938-39.

It is not merely the increase of general stores that has been effected. Special societies have been organised for the working classes who are the first and the hardest to be hit by any profiteering. The employees of

textile and other mills, who have a steadier income and are more easily organisable, have been benefited by the organisation of 15 special stores for them in the Coimbatore, Madura and Tinnevely districts. It is said that the workers of the Madura mills have gained 18 per cent by the purchase of foodstuffs from their stores. It is gratifying to hear that the employers have extended all facilities to them and, what is most important, have agreed to deduct from the wages of their employees the value of provisions supplied to them by the stores.

Another great step that has been taken is the federation of all the stores in a district into a wholesale society for the purpose of purchasing all their requirements in bulk, and as much as possible of them from the marketing societies in the district and in the province and of the rest from big producing or trading centres outside. The Madura-Ramnad C.W.S., as it is called, is the pioneer, and it had transactions to the extent of Rs. 4 lakhs in the first year. Similar wholesales have been organised for the stores of Tinnevely and Coimbatore districts. It is hoped that ultimately a Provincial Wholesale will be organised to serve the stores in all the districts of the presidency.

The central banks have been advised to extend credit facilities not only to store societies and the wholesales that have been formed for buying and stocking goods but also for helping the members of rural credit societies to get their supplies of foodstuffs and other goods from the store societies on credit, by the use of specially devised non-negotiable cheques. The store societies themselves have been permitted to sell goods on credit up to a cautious limit defined by the Department.

All this must be exhilarating news to co-operative enthusiasts. But time alone can show how far this spectacular progress achieved by so much of departmental initiative and goodwill at an abnormal time like the war, when prices are going up steadily and may go up to any level unless rigidly controlled, will be a lasting feature. Will the societies now started be able to consolidate their position before the war is over and the temptations of a competitive regime assail the loyalty of members, who have not had the time or opportunity to be nurtured on the principles and practice of self-help?

The T. U. C. S.—The T.U.C.S. or the Triplicane Urban Co-operative Society, more familiarly known as the Triplicane Stores, was founded on the 9th April, 1904 by a band of fourteen intellectuals, the name of some of whom has spread far beyond the province of Madras. The business was begun in a humble cottage, with a share capital of Rs. 310. The staff consisted only of an accountant and salesman, but the Pioneers and early members did a lot of honorary work. Expansion was slow and cautious. At the end of the first year there were 184 members on the rolls and sales amounted roughly to Rs. 20,000. The Society was registered only in September 1905, when the by-laws were redrafted so as to include a credit section, besides distribution, with a view to satisfy the provisions of the Co-operative Credit Societies Act of 1904.

This credit section provided for not merely the grant of loans to members for the purchase of provisions, etc., but also for the running of chit funds (the indigenous system of promoting thrift) and the attraction of deposits of all kinds: fixed, recurring and current. Most of the pioneers and many of the members were opposed to the granting of credit in a consumers' society and when some overdues and irregularities on the part of members of the managing committee were brought to the notice of the general body, the latter had no hesitation in ordering the closing of the credit section, so far as loans were concerned, in the year 1933. The fixed and recurring deposits too which at one time exceeded a lakh of rupees have been shut off entirely, while current deposit which continues amounts only to Rs. 24,000. Apart from the timely assistance rendered to several members, the credit section was on the whole a profitable branch of the Society as long as it functioned. Under the by-laws till 1930 the whole of the net profits of the credit section had to be carried to the reserve fund. In this way the gain to the reserve fund of the Society amounted to Rs. 20,000. There is, at present, some demand for credit, not in the shape of loans for all purposes but in the form of supply of goods to members on short credit within limits ensuring safety and repayment on or before due date. Perhaps members in Madras are not aware of the fact that British stores have departed from the rigid Rochdale rule of sale for cash; but they experience little difficulty in recoveries. A guarded system of credit sales is bound to swell the volume of society's transactions and consequently the profits or amenities to members.

Judged by Indian standards the progress made by the T.U.C.S. was very remarkable. Within ten years, that is before the beginning of the last European war, there were 14 branches started in the city and suburbs in response to the demand of citizens in those parts. Membership rose to nearly 3,000. The total sales of the Society in 1913-14 amounted to Rs. 6,40,644—which meant more than 80 per cent of the sales of all the 11 store societies in the presidency. During the years of the war and for five years after, there was steady progress in membership and value of sales but not so much in the number of branches or the quantum of sales. Branches increased to 18 and sales to Rs. 9 lakhs, nothing remarkable considering the abnormal rise in prices after 1918.

It was in the next six years—that is between 1924 and 1930, when the Silver Jubilee of the Society was celebrated—that there was the greatest expansion. The Branches numbered 25, members were about 6,000, sales exceeded Rs. 11 lakhs per year and the annual net profits ranged from Rs. 12,000 to Rs. 41,000—the highest in the annals of the Society. With the economic depression which had set in just then and harassed the country for nearly a decade, deterioration in certain spheres and arrested development in others were bound to follow. Branches remained more or less the same for 8 years. Membership declined to 5,570 in 1936 and the value of total sales went down to Rs. 7.91 lakhs, practically the lowest on record since 1918. The paid-up share capital which had exceeded Rs. 1 lakh in 1930 shrank to Rs. 81,312 in 1938. The net profit in 1933-34 was only Rs. 1,762—the lowest on record since 1906.

Only the reserve fund and the common good fund (except for one or two raids) were steadily growing. The dividend declared on purchase in the depression years was a mere apology of dividend—half pice to 2 pices in the rupee.

It may be said that with 1938 the corner has been definitely turned and progress has been registered in every direction. Half a dozen additional branches have been opened; there are at present (1st Dec. 1941) 31 branches and two part-time depots at the two local medical college hostels.* The number of members is at present 6,724; but the paid-up share capital has risen only to Rs. 91,771 due to the continuance of withdrawals by members of part of their share capital, which is permitted by by-laws. The Reserve Fund now stands at Rs. 1,08,250 and the Common Good Fund at Rs. 37,587. The monthly sales for the last eight months have been round about a lakh of rupees, which was more or less the limit reached in the pre-depression years. It must be pointed out, however, that prices at present, in spite of the rise due to the terrible world war that is raging, are well below the prices that ruled in 1929 in respect of most of the major commodities like rice, dholl, coffee, ghee and gingelly oil. The quantum of sales therefore is markedly higher.

The Society began with the sale of the most necessary foodstuffs like dry groceries, ghee and oils. A great variety of foodstuffs have been gradually added. Half a dozen kinds of raw rice and an equal variety of boiled rice are at present stocked and supplied to branches. The Society has a big depot in Nellore district for the purchase of paddy from producers, which it stocks and converts into rice either by milling or by hand-pounding and sends it to Madras. This may be said to be the best Nellore rice in the Madras market. Two distinct varieties of wheat, several kinds of grams and pulses and flour, two varieties of *rava* are now made available. Butter was introduced for sale ten years back with a view to avoid ghee, in which adulteration in trading centres had become too rife.

* In order to ensure better supply of essential articles of food to the residents of the City of Madras, the Government requested the T.U.C.S., to open about 25 new depots in various divisions of the city, particularly in those which are not served by any of the branches of the T.U.C.S. The idea is to have at least one branch or depot of the T.U.C.S., in every municipal division of the City. The Government have promised to advance a sum not exceeding Rs. 2 lakhs for purchasing the necessary provisions, which will be stocked in 15 or more godowns suitably located in the outlying parts of the city; they have also undertaken to contribute at the rate of Rs. 90 for each of these new depots to meet the initial expenses, rent, establishment and contingencies, and have further promised to make good any loss that the T.U.C.S. may incur notwithstanding the financial help stated above. In accordance with the new scheme 6 godowns have already been secured and provisions stocked; and the 25 depots started.

—GENERAL EDITOR.

Butter is also melted at the premises of the Society and the resultant ghee is sold to members. In the last few years adulteration has been extended to butter also. The butter produced in cottages under insanitary conditions is often bad, even without adulteration. The supply of pure and clean butter and ghee is indeed the biggest problem of the Society at present, which has not been quite solved even by the running of a butter depot at the producing centre with a paid agent of the Society. Gingelly oil was an equally intractable problem until three years back, but it has been solved by the Society's installation of oil-mills driven by electric power. Coconut oil produced under modern methods on a large scale by Messrs. Tatas at Cochin is the only coconut oil sold by the Society and it gives satisfaction almost always. Coffee, tea and sugar are purchased from the most reputed producers or stockists and the products sold by the Society are second to none in the market. Other beverages too, Indian and imported, have been stocked and supplied to meet the varied demands of consuming members. Almonds, cashewnuts of the best variety, spices and condiments of several kinds in demand in Indian homes are all supplied. Biscuits and sweets have been recently introduced. Toilet articles—soaps and hair oils—a few drugs and miscellaneous articles have all been sold in increasing quantities. A new popular line has been the supply of charcoal at the houses of members. Cattle food of half a dozen kinds is supplied, and this is much in demand in suburban branches where cattle are more commonly kept. The latest venture is the supply of piecegoods, particularly the hand-woven products of several weavers' co-operative societies in the presidency, a service which is appreciated by members and even more by the concerned societies.

There are, however, a number of lines of business in which expansion is desired but is not easy in our conditions. For instance, green groceries—vegetables and fruits—milk and curd are all very much in demand; but highly perishable as these articles are in our climate, it is not easy for a society of the size of the T.U.C.S. to handle these commodities. Some scheme of decentralisation is called for.

Production or processing is done on an impressive scale in the case of milling and hand-pounding of Nellore paddy, the latter employing sixty-four families. The next important line of production is the manufacture of gingelly oil in the city itself which has resulted in a three-fold increase of demand for the oil by members. Smaller lines of processing are the making of soap-nut powder. Coffee is roasted and ground on a small scale at present. This will be attempted on large scale soon to meet the growing demand for fresh coffee powder. Grains and pulses may next be taken up for conversion into flour. High prices of iron and of machinery due to the war is an impediment to immediate expansion.

The progress of the T.U.C.S., remarkable as it is compared with similar institutions in the rest of India, can bear no comparison with the progress achieved by consumers' co-operative societies in industrial countries in the West. Only 5 per cent of the families of the City of Madras

have been brought into the fold of this premier society, almost all of them of the educated middle class and practically none of the working class—which is in direct contrast to the situation in the West. Our working class is much too poor and ignorant to constitute a good clientele for a mixed co-operative stores. The educated middle class, which is not a homogeneous community and not as well off as the better part of the working class in Europe, makes the largest contribution to the active membership of the Society. They understand the principles of a co-operative store alright, but they have not the apostolic fervour of the early members. It is not altogether loyalty to ideals that induces them to buy from the Society as the feeling of convenience and a certain sense of security against the use of false weights and measures and arbitrary prices, which are in vogue in the bazaar. The insistence on cash sales is alright from the point of view of safety, but it does adversely affect the volume of sales as every private merchant is only too eager to snatch custom by the offer of credit. The dividend on purchase has never been attractive; it has been ranging from 2 to 6 pies in the rupee at the most even in good years, while in Great Britain 2s. 6d. in the £ is quite common. The Society has so far paid more than Rs. 2.5 lakhs by way of dividend to members, built up a reserve fund of more than a lakh of rupees and a common good fund of Rs. 37,500. More than this it would be very difficult for any store society in India to build up on account of the very low margin that obtains between wholesale and retail prices in this country. It is from out of the income on the common good fund, which has been slowly accumulated, that a reading room is maintained in every one of the branches of the Society where the members have the benefit of reading a few daily and weekly journals. At the Head Office of the Society a central library containing a large collection of books and journals on consumers' co-operation and allied subjects has been built up in recent years.

The apathy of most of the members of a consumers' society, judged by the attendance at general body meetings, is not peculiar to Madras. It is so in more advanced countries. But the T.U.C.S., has, on the model of large societies in the continent of Europe, revised its constitution and substituted a representative assembly in place of the uncertain and unwieldy general body, resulting in better informed and more intelligent discussions. This is a lead which all large societies in the country may be asked to follow and the law may permit.

SALE SOCIETIES

Sale societies may be either production and sale, purchase and sale, or loan and sale societies. An example of production and sale societies can be found in handloom weavers' societies and the milk supply societies mention of which will be made in detail under special types of societies. Joint purchases and sales is a function which can be performed according to their by-laws by all rural credit societies. But only a few of them do. The predominant type of sale societies in the Madras presidency is the loan and sale society. These are started in order to advance loans

to the members against their produce, to arrange for the sale of it to the best advantage and to rent or own godowns to facilitate the storage and sale of produce. The following statement gives an idea of the working of sale societies in the three years from the year 1937-38:—

Operations of Sale Societies

Year.	No. of membes.	Loans issued during the year.	Value of stock at the beginning and that received during the year.	Value of stock released without sale.	Value of stock sold.	Net profit.	Net loss.
		Rs. in lakhs.		Rs. in lakhs.		Rs.	Rs.
1937-38	18,936	62.12	107.59	32.76	24.72	47,267	9,875
1938-39	27,548	95.86	179.05	52.13	45.87	43,463	11,482
1939-40	36,787	107.30	230.52	109.34	44.75	66,956	19,596
1940-41	45,637	142.56	303.21	124.04	46.57	67,000	20,000

The Madras Committee on Co-operation have dealt with the subject at considerable length. The whole question really relates to marketing and the Committee on Co-operation pointed out the need for important measures like the following to improve marketing: (1) Organisation of producers' societies and linking them with consumers' stores, (2) Increased transport facilities and reduction in freights, (3) Regulation of market conditions and practices by the establishment of regulated markets (4) standardisation of weights and measures, (5) standardisation of grades in the several commodities, and (6) dissemination of market intelligence etc.

There were 175 purchase and sale societies at the end of June 1940 with a membership of 36,787 (societies as well as individuals) but these societies have largely conformed themselves to grant of loans against produce and have not done much to promote marketing the produce of members. When they undertake marketing they do so on a commission basis and never purchase the produce themselves outright. So, they do not run much risk. The risk, if at all involved, merely consists in the price of the produce pledged going down below the amount of the loan, which is very rare. Produce pledged is insured against fire and some times against burglary also. Loans are advanced against staple crops like paddy and cereals and commercial crops like cotton, tobacco and chillies, and usually a margin of 30 to 40 per cent between the amount of loan and the then market price is kept. A number of reasons are given for the one-sided development of these societies. The following are some of the reasons given: high transport charges, tight grip of middlemen over ryots on account of their prior indebtedness to them, want of adequate storage facilities and difficulties felt by sale societies in owning godowns, difficulties involved in, or lack of facilities for pooling and grading, general dearth of business talent in the personnel of committees of

management of sale societies and lack of trained businessmen even amongst paid employees of such societies, want of loyalty on the part of members to their societies, dependence of sale societies on local agents or markets for disposal of produce owing to very limited transactions, competition with long established exporting firms, lack of contact between sale societies and big consuming centres and general ignorance about internal and external markets.

Efforts are being made to make these function more and more as marketing societies, and the recommendations made by the committee on Co-operation in this direction are receiving consideration. The Government are granting subsidies to these societies for the creation of storage facilities. Twenty-five per cent of the estimated cost of the construction of godowns is being given as an outright grant and the balance lent to be repaid in 20 years at a low rate of interest. Recently the Government have increased the free grant from 25 per cent to 50 per cent of the cost in deserving cases.

One line of development that will prove beneficial is the creation of warehouse receipts, which should be made negotiable with suitable guarantee. These receipts will make it possible for banks and marketing societies to expand the volume of credit necessary for marketing of produce. These certificates will develop into documents of title to goods, contemplated by Section 17 of the Reserve Bank of India Act. The Reserve Bank will then be in a position to finance the provincial banks and the central banks by the discount and rediscount of these receipts.

Special mention may be made of two marketing societies successfully operating in the province, viz., the Madras Provincial Co-operative Marketing Society, and the South Canara Agriculturists' Co-operative Wholesale Society. The former had a membership of 96 producers' societies and 60 individuals on 30th June 1940. The society sold during the year 1939-40 goods worth Rs. 2,00,337. The latter viz., the South Canara Agriculturists' Co-operative Wholesale Society operates over the whole of South Canara District. The chief product of the district is arecanut. It has opened 49 branches where the product is stored and advances are given against it. It has also opened a sales branch at Bombay which is an important marketing centre for areca and other products of the district. The society does business on a consignment basis. In the year 1939-40, it effected sales to the extent of Rs. 20.37 lakhs and the amount of loans issued by the society to members in the year was Rs. 17.26 lakhs.

SPECIAL TYPES OF SOCIETIES

Though the Act of 1912 provided for the registration of non-credit as well as credit societies for artisans and small industrialists, such co-operative societies confined themselves for a long time, to giving loans to members engaged in the various industries instead of organising production on co-operative methods. The first attempt at organising co-

tage industries on co-operative lines was made in the direction of starting weavers' societies in important weaving centres in the Province.

Weavers' Societies.—Handloom weaving occupies an important place among the many cottage industries that provide subsidiary or main occupation to a large number of families. The conditions existing in the industry may be taken as representative of the other cottage industries. The position of the industry has been examined from time to time, from many points of view with great care principally by the Industries and Co-operative Departments. The Co-operative Department has in fact done a good deal of spade work in organising societies of various kinds to provide raw-materials, grant loans and facilitate marketing. The result, however, has not been commensurate with the efforts. The difficulties that have stood in the way of organising and successfully working the societies for weavers are: (1) the indifference and ignorance of the weavers; (2) the difficulty in selling the finished products; (3) the vested interests of the master-weavers and the indebtedness of the weavers to the former and the merchants; (4) the weavers' unbusinesslike methods and the rarity among the weavers themselves of capable men for running the simplest society and (5) the wide fluctuations in the price of yarn. Hence the societies have had a very chequered career. On 30th June 1940 there were 191 societies. They purchased raw materials for Rs. 4.84 lakhs and sold finished products to the public to the value of Rs. 11.10 lakhs.

The Madras Handloom Weavers' Provincial Co-operative Society.—The weavers' societies were mostly doing credit business till 1935, when the handloom industry received an impetus under the Government of India subvention scheme. The absence of a central institution to co-ordinate the activities of primary weavers' societies in the presidency accounted for the very slow development of these societies. Hence this society was formed in 1935 for the purpose of organising and developing the hand-loom industry in the province under the Government of India subvention scheme and with the objects of (1) arranging for the purchase of raw materials and appliances required by the affiliated societies and their sale on reasonable terms, (2) to arrange for the sale of finished products of the affiliated societies and (3) to give financial and other help to the societies.

During 1939-40, the society had as its members 165 weavers' societies, 40 co-operative institutions (central banks and societies) and 97 individual firms etc. Of a sum of Rs. 93,885 spent from the subsidy, a sum of Rs. 32,735 was given to weavers' societies to meet their cost of management, purchase of looms etc., Rs. 12,180 were utilised in maintaining sales emporiums, and Rs. 12,180 were spent on the calendaring and finishing plant installed by the society. The financial assistance rendered by the Provincial Society was limited to the funds available and had been confined to the credit requirements (below Rs. 2,000) of the smaller societies. The bigger societies receive accommodation from the central banks who have also been requested to extend the facilities of

finance to the smaller societies. During the year the mills supplied yarn to the primary societies on the guarantee of the Provincial Society. The total amount under guarantee was Rs. 88,013. Besides cash credits to the extent of Rs. 32,193 for the purchase of the raw material and payment of wages, an advance of Rs. 19,251 to 26 societies was made on the security of the finished products sent to the sales emporiums. The society maintained 8 sales emporiums and subsidised eight more run by the societies. Attempts have been made to sell the goods through sale societies, stores and other co-operative institutions and during the year the sales through the above institutions amounted to Rs. 75,901. It is also proposed to introduce a system of hawking from house to house in the city. The value of the cloth sold by the weavers' societies from the inception of the Provincial Society increased twenty-fold in five years, from Rs. 49,000 in 1934-35 to Rs. 11.19 lakhs in 1939-40. Its value is over Rs. 12 lakhs in 1940-41.

Shortage in yarn supplies.—The main handicap of these societies at present is said to be not only enormous rise in price but also inadequacy in the supply of yarn for handlooms. A Fact Finding Committee to enquire into the handloom weaving industry has been appointed with Dr. P. J. Thomas as chairman and it is said that the report of the Committee is now ready for submission to the Government. Among the various measures suggested for the improvement of the industry, some proposals seem to be already engaging the attention of the public and the State seriously. Since Japan has entered the war, merchants found it more paying to export yarn to new overseas markets like South Africa, Dutch East Indies, Java and Australia which were once the monopoly of Japan. These increased exports to overseas markets starved the Indian handloom weavers whose handloom products cannot possibly compete with the mill made goods with a high level of yarn price. It is understood that the Government of India have now decided to regulate the export of yarn to overseas markets on the basis of the average for three years preceding the declaration of war. It is said that if the Fact Finding Committee's report shows that the handloom weaving industry in India can absorb all the yarn produced in India these exports would be further restricted. It is also understood that the Yarn Sub-Committee of the Advisory Panel for cotton textiles in Bombay suggested that mills should be asked to place a certain proportion of their yarn surpluses at the disposal of the Government of India at agreed prices. It is further suggested that part of the quantity so made available will be utilised by the Government of India for meeting war demands and the balance will be allotted to the various provincial governments for distribution to handloom weavers.

Another line of action is now engaging the attention of the Indian Central Cotton Committee at the instance of Sir Purushottamdas Thakurdas. The proposal is to find an alternative crop for short and fair staple cotton so as to prevent the glutting of the Indian Cotton Market with these varieties as the buyers thereof have been cut from the Indian Market owing to the present war.

Milk Supply Societies.—The organisation of societies for the supply of pure and unadulterated milk to the residents of Madras at reasonable rates dated back to 1926-27 when a few milk supply societies were formed in the neighbourhood of Madras. This also provided a subsidiary occupation to the agriculturists in villages round about Madras. The main objects of the societies are to enable the members to buy and maintain milch animals of good breed and to arrange for the sale of milk of the members to their best advantage. In the city too, a society was started for some of the milkmen. Later all these societies formed themselves into a union, known as the Madras Co-operative Milk Supply Union in 1927-28. The union supplies milk required by seven State hospitals in the city and to the public. The distribution is done through 44 depots located in important consuming centres. Recently the union has opened a milk bar in Mount Road. During the year 1939-40, the union purchased from the 14 milk supply societies affiliated to it 688,120 measures of milk worth Rs. 2.21 lakhs and sold to the public 650,656 measures for Rs. 2.67 lakhs. The unsold milk was converted into milk products and sold for Rs. 0.16 lakh. The profits of the union amounted to Rs. 10,556.

The successful experiment in the matter of milk supply societies has stimulated the growth of similar societies in the districts and unions on the model of Madras were started in Coimbatore, Nellore and Madura. From 6 unions and 51 milk supply societies in 1938-39 the number has increased to 15 unions and 88 milk supply societies. There were 3,082 members. The value of milk produced was Rs. 3.80 lakhs and the societies earned a net profit of Rs. 2,938. The other unions had a membership of 118 societies. The value of milk purchased was Rs. 3.91 lakhs and the total value of sales effected was Rs. 4.73 lakhs and the net profit earned amounted to Rs. 5,800.

House Building Societies.—As early as 1913, the Coimbatore Municipality undertook a scheme of slum clearance which resulted in a number of poor persons being dispossessed of their houses. They were given sites in extension areas and in order to prevent a reproduction of slums in the extensions, the Municipality had worked out a scheme by the Co-operative Department in collaboration with the Collector to enable the poor men to build model houses. The funds for the purpose could not be raised merely through deposits or borrowings from the Central Banks. Hence the Registrar submitted proposals for financing co-operative building societies with twenty year loans at a rate of interest not exceeding 5 or 6 per cent. The first house building society was organised in 1913-14 at Coimbatore, followed by two more in Madura and Dindigul. In 1914-15, societies were started at Kumbakonam, Ootacamund, Madras and Uttiramerur. After a protracted correspondence as to the methods and principles of formation and working of such societies, the sanction of the Government of India was obtained in 1921 to finance building societies direct at cheap rates of interest in order to relieve congestion in urban areas. The societies started at the other places were for the benefit of the middle class population who could afford to put in their own money, but would like to have it supplemented

with Government loans. Pending a final settlement of the details of working they made little progress in the first five or six years of their start. However, the original idea of giving State loans to societies for helping poor people was replaced by that in favour of awarding assistance to the middle classes. In Madras the co-operative partnership system of building houses has not been popular and only societies working on the individual ownership basis have been encouraged.

The issue of loans has also been restricted to better types of buildings which can serve as good security for loans and the repayments of which are spread over 15 or 20 years. From a maximum loan of Rs. 3,000 to a person in the beginning, it has been raised to 6,000 for a mofussil house and Rs. 8,000 for a Madras house in 1936. Since the approval of the rules in 1923 the Government began to place annual amounts at the disposal of the Registrar for the grant of loans to building societies. Loans are usually sanctioned only for the purchase of sites or construction of new houses and they are granted ordinarily for a period of twenty years but may be for thirty years subject to the sanction of the Registrar. On the 30th June, 1940, the loans from Government outstanding were Rs. 21.67 lakhs.

Since 1933, partly as a result of the initiative taken by the owners of textile mills at Madura, Coimbatore and Ambasamudram and partly due to the pressure put on them to improve the condition of their labour a scheme has been evolved in these places for housing industrial workers. Another tendency noticed in the recent period is the successive reduction in the rates of interest charged on State loans, from $6\frac{1}{2}$ to 4 per cent. This has contributed to the popularity of building societies. Under the scheme for housing industrial workers, the entire cost of the lay-out and construction of houses, provision of amenities like water supply, drainage, etc., is to be met wholly by the owners of the mills or is to be supplemented to some extent by Government loans, if necessary. The workers pay a nominal share capital to become members and they occupy the houses on payment of a monthly rent of about Rs. 3 or Rs. 4. If they pay the rent regularly over a period extending from 10 to 20 years they are made absolute owners at the end of the period. The houses, as under the general scheme, should conform to approved designs, and should bestow maximum possible convenience and accommodation, but at a cost which it will be possible for the worker to pay in the course of a number of years, a sum equivalent to his monthly house rent. On 30th June 1940, there were 122 building societies with a membership of 4,647. They had completed the construction of 2,199 houses valued at Rs. 80.16 lakhs.

Insurance Societies.—The South India Co-operative Insurance Society was started early in 1932 in response to a wide-spread desire on the part of Co-operators to have a co-operative life insurance concern. The expectations of its founders have been realised as can be seen from the progress made by the society in these nine years, evidenced by the following figures. The total amount of business written on the books

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by the Co-operative Department. Later a special officer was appointed to work under the Labour Commissioner but the post was abolished in 1921. Subsequently the Co-operative Department itself undertook the work of supervision and control and this too proving a failure, as a measure of experiment, the staff of Inspectors was placed under the control of the Christian Central Bank and this again not proving satisfactory was finally abandoned. The societies for housing the scheduled classes of which there were 519, chiefly distributed in Tanjore and South Arcot, could not make much headway due to the high price of lands acquired, cost of acquisition proceedings, heavy rates of interest on loans, poverty of members, economic depression and the consequent unemployment and emigration. In 1938, 324 societies took lands from Government and leased them to members for purposes of cultivation. These societies were concentrated mainly in the districts of East Godavari, West Godavari, Guntur and Kistna. The experiment of joint cultivation made by the Christian Central Bank in the Peravaram Agency (East Godavari) was a costly failure and involved the Bank in a heavy loss, a large portion of the loan proving irrecoverable. Societies have also been organised for the reclamation of Kallars of Tanjore and Madura, the fishermen community of the west coast and the hill-tribes—a piece of socio-economic work undertaken by the Government. The following table gives the particulars of the societies at the end of 1940-41.

Particulars	Societies under the Co-op. Dept.	Kallar societies under the special police officers	Societies under the Fisheries Department.
Number of societies	2,163	262	54
Number of members	93,230	11,723	2,117
	Rs.	Rs.	Rs.
Paid-up share capital	6,82,846	68,901	33,662
Deposits from members	66,348	190	2,026
Loans from central banks	9,19,007	2,899	14,553
Loans from Government	1,97,735	91,862	956
Reserve fund	4,44,218	1,53,180	27,949
Other funds	1,27,893	...	...
Working capital	24,38,047	3,17,032	79,146
Divisible profits	36,330	14,400	1,408
Loss	2,21,904	12,753	5,241

Fruit Growers' Societies.—The fruit growers' societies are of very recent growth, having been started only after the establishment of the Madras Provincial Marketing Society and they have been organised with the general object of obtaining for their members reasonable prices for the fruits grown by them. This minimises their cost of transport and

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Loss	2,21,904	12,753	5,241

Fruit Growers' Societies.—The fruit growers' societies are of very recent growth, having been started only after the establishment of the Madras Provincial Marketing Society and they have been organised with the general object of obtaining for their members reasonable prices for the fruits grown by them. This minimises their cost of transport and

Sugar-cane Growers' Societies and Unions.—In order to spread the cultivation of sugar-cane, societies have been started in the chief sugar-cane growing areas for the manufacture and sale of sugar. The societies receive a grant from the Government of India under the Sugar Excise Subsidy Scheme while the Provincial Government renders assistance by appointing a special staff for the purpose of organising and working the societies. On 30th June, 1940, the societies numbered 14. The Vuyyuru Sugar-cane Growers' Union in the Kistna Dt., The Hospet Sugar-cane Growers' Society in Bellary and The Coimbatore Sugar-cane Growers' Union are the only three societies which have turned out good business. The first one acts as the feeder society to The Vuyyuru Co-operative Agricultural, Industrial and Credit Society, which produced in the last season 4,505 tons of sugar at a cost of Rs. 10.34 lakhs. The total amount of loans issued by the three societies to their members was Rs. 2.82 lakhs while the total sales amounted to Rs. 10.01 lakhs.

Women's Societies.—Women's societies were initially organised with the purpose of promoting thrift among them but later many of the societies introduced in their by-laws provision for carrying on some cottage industry. Some of the members have taken to the production of hand pounded rice. There were 25 societies on 30th June, 1940.

THE MADRAS PROVINCIAL CO-OPERATIVE UNION

The Madras Provincial Co-operative Union was registered on the 4th January 1914, two years after the passing of the Co-operative Societies' Act II of 1912. The objects with which the Union was started were declared to be:—

"To propagate the principles of co-operation, to organise co-operative societies, to watch over their interests and to do all that may be necessary for placing the co-operative movement on an efficient basis in the Madras Presidency."

The Union celebrated its Silver Jubilee in October 1939. The following observations, which occur in the Souvenir of its Silver Jubilee, may be found interesting:

"Though many of the annual reports, especially the earlier ones, are apologetic about the achievement during the year, taking a long view of things and considering at a glance the constructive work that stands to the credit of the Provincial Co-operative Union during these twenty-five years, every one connected with this Institution has reason to be proud of the good work done. It has grown in prestige and importance and as a member of the All-India Institutes' Association it is now in direct touch with other Provincial Institutions and is indirectly connected with the Co-operative Institutions all over the world through the International Co-operative Alliance."

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SUPERVISION, EDUCATION AND AUDIT

SUPERVISION

In the first few years following the official inauguration of the co-operative movement, the organisation of societies proceeded at a slow pace which made it possible for the Registrar to undertake personally the inspection and supervision of every society and recommend loans. He was assisted by a small trained staff. But from 1912 the societies gradually grew in number. The official agency could not cope up with the increased volume of work involved in the supervision of such a large number of societies; nor the district central banks which came into existence as financing institutions, could satisfactorily supervise and inspect the affiliated societies which were scattered over the large area or a district. The Unions composed of societies were conceived as the best suited organisations to be invested with the work of supervising the affiliated societies.

The first supervising union was registered in 1910 at Uttaramerur in Chingleput District, confining the membership to co-operative societies within a radius of seven miles. It was the expectation of the then Registrar that 'the ultimate advantage of these unions will be that when they are started close together the State may withdraw from the work of supervision confining itself to audit work.' As contribution towards the expenses of the unions, the Madras Central Urban Bank accepted to allot one thirtieth of the total interest due on loans granted to the affiliated societies. At the same time the Bank made it clear that it could not approve of any proposal which entrusted the district banks with the work of supervision over primary societies. In 1911 two more unions were started, with the definite object of supervising affiliated societies. It should be mentioned here that some of the central banks, though without any express provision in their by-laws, were supposed to inspect societies while the type of banks known as 'banking unions' started between 1912 and 1915 on the model of the Madura-Ramnad District Bank, expressly laid down that they should also supervise the affiliated societies. Thus the two systems of supervision by central banks and supervising unions developed on parallel lines and in 1914 there were 19 supervising unions and 10 central banks in the presidency, some of the latter exercising supervision over societies.

The earlier unions were of the type of guaranteeing unions which had been successfully functioning already in Burma and Central Provinces. Under this system the affiliated societies were jointly and severally liable for all the loans advanced on the recommendation of the respective unions. The MacLagan Committee (1915) favoured an extension of this system and considered it as one of their "most important recommendations." But in this province this particular type of unions was not looked upon with favour and its constitution was condemned as unsuitable to the local requirements. Hence the unions that were started in the subsequent years and those that were already functioning discarded the guaranteeing functions and ceased to have any direct

connection with the financing of primary societies but delimited their sphere of operations to supervision alone.

Constitution and Management of Unions.—As intimate local knowledge is a pre-requisite for efficient supervision the area of operations was normally restricted to societies within a radius of seven miles, but now the area has been extended in most of the unions. The size of an ideal union is also limited to 25 primary societies. A governing body is constituted to be in charge of the administration of the unions and the tenure of office of the members is three years. The governing body members also visit the societies. Each affiliated society is represented on the general body. The objects of the unions have been to develop, and supervise the societies through one or more supervisors appointed by them, besides recommending the loan applications of the societies to the central banks. The unions largely developed in the post-war period from 1918-19 to 1929-30 but in the course of the last decade they have shown a progressive decline, from 398 in 1931 to 264, with 9,183 societies as affiliated members, in 1940. This has been partly due to liquidation of some and amalgamation of others. On 30th June 1940, the total amount pooled for purposes of supervision was Rs. 4·54 lakhs of which Rs. 4·18 lakhs were actually spent on the work.

District Co-operative Federations.—The year 1918-19 saw the inauguration of a new agency, the 'district council of supervision' in three districts with the object of co-ordinating the activities of the supervising unions and directly supervising the societies that still remained unaffiliated to any union. In the year 1923 the appellation of this new agency was changed from 'district council of supervision' to 'district co-operative federation.' In the course of a few years a district federation was installed practically in every district of the province. From the very inauguration of these district federations there has been a cleavage of opinion as to their utility, among the non-official co-operators. But the new agency had the full support of the department and of a section of non-official co-operators. The whole question of the district federations was reviewed by the Townsend Committee on Co-operation, 1927. The Committee held the view that the district federations should be maintained and made several detailed recommendations to ensure their efficiency. The Committee also recommended that the district federation should be definitely made responsible for co-operative propaganda and organisation of new societies.* But from the year 1930, opinion against the utility of continuing these federations began to grow and the district federation was looked upon as a fifth wheel in the coach and in course of time all the federations in the province were liquidated. The function of supervision is now discharged by the local supervising unions where they exist in collaboration with district central banks. The Boards of Management of many central banks have established what are called 'administrative sections' which virtually perform the functions that were performed by the district federations.

* The General Editor of this Year-Book appended a dissenting minute on this subject to the Report.

EDUCATION AND TRAINING

Arrangements for education and training may be grouped under three heads:—(1) training of members and panchayatdars of societies, (2) training of candidates for employment in co-operative institutions and (3) training of official staff.

1. **Training of Members and Panchayatdars of Societies.**—Since the year 1936-37, this scheme is being financed by the Provincial Government from out of the subsidy given by the Government of India. The Madras Provincial Co-operative Union is entrusted with the conduct of the training classes for the panchayatdars and members of societies. A sum of round about Rs. 30,000 is being spent annually on the scheme out of which a little over Rs. 22,000 is contributed by the Provincial Government and the balance is found by the Union from its own funds derived from grants made by the Madras Provincial Co-operative Bank and contributions made by the District Co-operative Central Banks. During the year 1939-40 such classes were held in 742 centres and were attended by 9,484 panchayatdars and 35,818 members. Before the present arrangements, described above, were brought into force, the training of members and panchayatdars of societies was carried on by the departmental officers and by the local supervising unions through their governing body members and supervisors. The District Co-operative Federations, when they functioned, conducted for about three years regular classes for the education of panchayatdars and received special subsidies from the Provincial Government for the purpose. It remains to be seen what arrangements will be made after the Government of India's grant is exhausted.

2. **Training of Candidates for Employment in Co-operative Institutions.**—This scheme was inaugurated with starting institutes in six different centres in the province. Education was imparted to the prospective employees of co-operative institutions in co-operation, auditing, book-keeping and banking. These institutes received aid from government partly in the shape of money grants and partly in the shape of services of departmental staff. At present there are four training institutes, one each at Rajahmundry, Anantapur, Coimbatore and Tanjore. The one at Anantapur will hold training classes once in two years and the other three hold classes annually. The course is divided into practical and theoretical and roughly extends over nine months in the year. The State aid is continued in the form of money grants and services of the staff as before. The Provincial Co-operative Union has a sort of general control over the conduct of these training institutes and recommends for appointment the staff which is not lent by the government. The whole scheme is practically run by the official agency. (For detailed information regarding the courses of studies and syllabuses for examinations, see report of the Madras Committee on Co-operation 1939-40, pages 57-60).

3. **Training of Official Staff.**—Besides the four training institutes referred to above, the Provincial Government conducts a Central Co-operative Institute at Madras. Those who seek employment in the

department receive training in the Central Institute. The entire cost of this institute is met by the Government. There is provision for admission of only 40 to 50 candidates every year, a few seats being allotted to students from other provinces and Indian States. There is special provision for Secretaries and Directors selected from important societies being admitted for training in Co-operation, Rural Economics, Accountancy, Book-keeping, Elementary Banking, etc., the period of which extends to three months.

In addition to these regular institutes for education and training, provision is also made for the appointment of educational inspectors for training office-bearers and members of societies in keeping accounts and in allied work. There are at present 24 senior inspectors, one in charge of each district. These inspectors visit societies in the district, assemble the panchayatdars and such of the members as are literate and teach them how to keep accounts and to attend to other scriptory work. The inspectors generally stay in a village for about a week on such work. There is yet another scheme recently inaugurated. More senior inspectors are appointed for doing propaganda work in the districts in order to create conditions favourable for the successful working of non-credit societies. There are at present only three such inspectors working in the North-Arcot, Chittoor and Cuddappah districts. These districts are particularly selected because prohibition has been successfully introduced there and the economic conditions thereby promoted hold out prospects for development of non-credit activities.

AUDIT

Section 37 of the Madras Co-operative Societies' Act charges the Registrar with the statutory duty of arranging for the audit of all co-operative societies either directly by the auditors of the department or through approved and duly qualified persons. The section runs as follows:—

- " (1) The Registrar shall audit or cause to be audited by some person authorised by him by general or special order in writing in this behalf the accounts of every registered society once at least in every year.
- (2) The audit under sub-section (1) shall include an examination of overdue debts, if any, the verification of the cash balance and securities and a valuation of the assets and liabilities of the Society.
- (3) The Registrar or the person authorised by him under sub-section (1), shall, at all reasonable times, have free access to the books, accounts, documents, securities, cash and other properties belonging to or in the custody of the society and may summon any person in possession or responsible for the custody of any such books, accounts, documents, securities, cash or other properties to produce the same at any place at the headquarters of the society or any branch thereof.

- (4) Every officer or member of the society shall furnish such information in regard to the transactions and working of the society as the Registrar or the person authorised by him under sub-section (1) may require."

This was also the position under the Government of India Act II of 1912 (Section 17).

Audit Staff.—For the purpose of audit in Madras, the local Government maintain two cadres of inspectors, the junior and senior. During the year 1939-40, the number of junior and senior inspectors in charge of audit work was 262 and 30 respectively. In compliance with the provisions of the Act, these inspectors are invested by the Registrar by a general order with powers to audit the accounts of the co-operative societies. At one stage, about the year 1922, the formation of audit unions consisting of societies whose accounts are to be audited under the Act was considered to be a desirable reform. The member societies of such unions contributed to the fund required for meeting the administrative expenses of the unions and the cost of maintaining the audit staff. At one time the government were not charging any audit fees for the audit services rendered by their staff. But by the introduction of the scheme of levying audit fees and the government recruiting necessary staff for the audit of societies, the scheme of audit unions received a set back, and in due course, the unions were liquidated. At present there are only three such unions functioning one each in the districts of South Arcot, Coimbatore and Madras.

Now practically all societies except a few are audited by the departmental audit staff.* Some provincial societies like the Madras Provincial Co-operative Bank are audited by Registered Accountants who are elected by the general body of the society from the panel of auditors approved by the Registrar and the remuneration is fixed by the society itself. In the case of the South India Co-operative Insurance Society, the provisions of the Insurance Act require that the auditor should be a Registered Accountant. But in order to comply with the provisions of the Co-operative Societies Act also, the name of the auditor appointed by the general body of the society is submitted to the Registrar for his approval.

Nature of the Audit.—The Co-operative Societies' Act requires that the audit of a society shall include an examination of overdue debts and a valuation of its assets and liabilities. The verification of assets, cash balances, title deeds, investment receipts, loan bonds and the like is also a part of the duty of the auditor who is expected to see that not only the accounts of the society are correctly kept but that the affairs of the society are also being conducted in accordance with the Co-operative

*Twenty-four societies included in the audit union at Madura and four societies in the Madras City were audited by certified auditors authorised by the Registrar for the year 1938-39.

Societies' Act and its by-laws. The audit of agricultural credit societies is divided into interim and final. In the former audit, which is detailed, the affairs of the society are thoroughly examined and recorded in the form of audit notes. The final audit consists in closing the accounts, preparation of the balance sheet and the determination of net profits. Along with the final audit report, the auditor is expected to submit a list of liabilities of each member signed and found by him as correct. The interim audit is expected to be complete before June and the final audit before December. But as there has not been a simultaneous expansion in the staff with the growth of the work, the rule has been relaxed since 1938-39 and the inspectors have been permitted to complete the audit before 31st January.

Audit of central and urban banks is concurrent. In big societies, it goes on throughout the year and in others it is carried out at monthly or quarterly intervals and the annual statutory audit is the final audit. The audit of the central banks, urban banks and land mortgage banks is usually entrusted to senior inspectors possessing the requisite experience and standing. The final closing is done by the Deputy Registrars in charge of central and land mortgage banks and by the Sub-Deputy Registrars (now styled as Sub Registrars) for urban banks.

The audit certificates of financing banks are issued by the Registrar and contain directions as to the investment of the reserve fund etc. A test audit is conducted to find out the accuracy of the final audit by selecting a few societies, usually 5 per cent, at random.

Audit Fees.—The question of audit fees received prolonged consideration of the Provincial Government. The Townsend Committee on Co-operation in Madras (1927) examined the whole question and made certain recommendations. Thereafter the rules relating to the levy of audit fees were once revised in 1932-33 but it was based on the working capital of societies. But in 1935-36 a revised scheme has been evolved for the levy of audit fees specifically exempting certain classes of societies. In some cases, they were found to be excessive and a scheme for reduction was sanctioned which, however, in practice was also found not to afford an adequate relief. So, the method of charging fees on the basis of working capital was replaced by a scheme to charge fees with reference to the actual time taken by the audit staff on the following scale:—

	Fees to be charged per diem
	Rs. A.P.
Central Banks	.. 5 8 0
Urban Banks with a working capital* of Rs. 1 lakh and over	.. 5 8 0
Urban Banks with a working capital of less than Rs. 1 lakh and other types of societies liable to pay fees under the rules	.. 3 12 0

* In estimating working capital, the reserve funds of societies invested outside are excluded.

Under the present scheme the following types of societies are totally exempted from payment of audit fees:—

1. All agricultural credit societies with unlimited liability;
2. Audit unions or supervising unions;
3. Societies which have their accounts audited at their own expense (a) by the staff of an audit union in existence on the 9th June 1932 or (b) under arrangements approved by the Registrar and in force on 9th July 1932 or (c) by a person authorised by the Registrar to audit the accounts of the society under section 37 of the Act;
4. Credit societies, building societies, central banks or land mortgage banks of which the working capital on the last day of the co-operative year does not amount to Rs. 20,000;
5. Purchase, sale or production societies, the value of whose purchases and sales of articles or goods produced does not exceed Rs. 10,000; and
6. Any other class of societies whose gross income in the co-operative year does not exceed Rs. 5,000.

Primary land mortgage banks and building societies are exempt from the payment of fees for a period of three co-operative years from the date of starting.

The Madras Committee on Co-operation, 1940 made the following recommendations in regard to the separation of audit staff and the administrative staff of the Registrar: "The entire audit staff of the department should be constituted into a distinct branch and differentiated right through from the administrative branch. The audit staff should be placed directly in charge of circle audit officers of the status of a Co-operative Sub-Registrar. A qualified auditor of the status of a Deputy Registrar to be styled as the Chief Audit Officer should be attached to the Registrar." The non-official co-operative opinion in India seems to be in favour of going further by removing the audit staff altogether from the jurisdiction of the Registrar and bringing it under the Auditor General or the Accountant General.

*"When people are once in the wrong
Each line they add is much too long;
Who fastest walks but walks astray
Is only farthest from the way."*

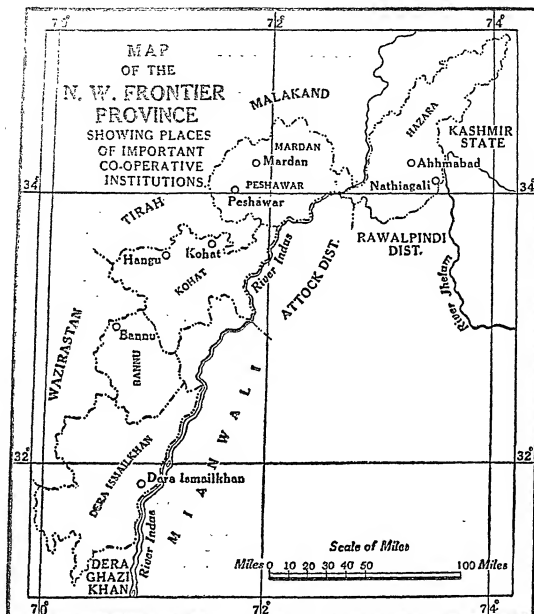
NORTH-WEST FRONTIER PROVINCE

Provincial Editor

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Registrar of Co-operative Societies, North-West Frontier Province.

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NORTH-WEST FRONTIER PROVINCE

General Features.—The North-West Frontier Province, as connoted by its name, lies in the extreme north-west frontier of the Indian Empire and comprises the districts of Peshawar, Hazara, Kohat, Bannu, and Dera Ismail Khan. It is a narrow rugged mountainous tract, north of Baluchistan, lying between the Indus and the Durand boundary line with Afghanistan. The total area of the province is about 36,350* sq. miles, the greatest length being 408 miles and the greatest breadth 219 miles. There is extreme variation in the climatic conditions of the province. In the mountain ranges the weather is temperate in summer but intensely cold in winter. The district of Dera Ismail Khan in the province is one of the hottest parts in India. The province has two seasons of rainfall, the monsoon and winter. Both are precarious, the normal average supply being 45 inches per annum in Hazara district and between 11 to 16 inches in the remaining four districts. Cultivation largely depends on artificial irrigation, as the area depending on canal irrigation alone is about one-third of the total area sown. It has a population, of 30,38,000 (1941). The most important sections of the population, both numerically and by social status, are the Pathans. The dominant language is Pashtu and the population contains several lingual strata. Agriculture is the principal occupation for almost the entire population. Wheat, barley, maize and bazra are the chief food crops while pomogranates, grapes and apples are the varieties of fruits that are grown extensively. The commercial importance of the province is entirely due to the great trade route which connects the trans-border tribal territories and the *marsts* of Afghanistan and Central Asia with India. There were only 29 factories with about 1,371 hands working, including seasonal labourers, in the year, 1937-38. Though there are railway lines of about 370 miles connecting Afghanistan, Baluchistan and South-east Persia in the province, pack horses, camels and motor lorries are the principal conveyances in the province. Peshawar is the Headquarters of the Government. The frontier territory was annexed by the British in 1849 and formed part of the province of Punjab until 1901, when a separate administration unit was constituted called the North-West Frontier Province under a Chief Commissioner and Agent to the Governor-General with Headquarters at Peshawar and with direct relation with the Government of India in the foreign and political department. In 1922 the province was first placed under a Governor† and under the Government of India Act of 1935, it was conferred the status of a self-governing province. With the coming into force of the Government of India Act of 1935 in the year 1937, it became an autonomous province with a Council of Ministers, the number

* Area of the settled districts is 13,518 square miles.

† Governor: H. E. Sir George Cunningham, K.C.S.I., K.C.I.E., O.B.E.

being four. It has a unicameral legislature. The Ministers having resigned in the year 1939, the administration is being carried on by the Governor with the help of an Adviser. The Governor continues to be the Agent to the Governor-General for tribal areas.

A. Retrospect.—In the North-West Frontier Province, unlike in the other provinces, the co-operative movement was inaugurated much later. There was only one co-operative society working in the province in April, 1925, that of a cavalry regiment in Rasalpur which was subsequently transferred to Baluchistan. However, by the end of the year 1925-26 the number of societies increased to 15 and their membership to 353. Of these, 9 were agricultural credit societies, 4 thrift societies, 1 non-agricultural credit society and one central bank. Their aggregate working capital amounted to about Rs. 39,000. There was considerable expansion in the succeeding three years with the result that at the end of the year 1928-29 there were as many as 100 societies with a membership of 3,925 and a working capital of about Rs. 6.18 lakhs. The number of societies increased at the rate of 65 a year on an average since 1928-29 and it will be seen that at the end of the year 1940-41 there were as many as 944 societies with a membership of 35,572 and working capital of about Rs. 24.77 lakhs.

Till the year ended with 31st July 1940 the movement and the department of co-operation were part of the Punjab organisation. In the year 1939-40 a separate Registrar was selected and took over charge of the North-West Frontier Province movement on 17th April 1940. The department is now a self-contained unit but still largely dependent on the Punjab. The Registrar of Co-operative Societies in the Punjab will continue to make an annual inspection of the movement in the North-West Frontier Province. The Registrar in his report for the year ended with 31st July 1940 observes that "the North-West Frontier Province movement has been fortunate in having from its inception profited by the guidance and control of its neighbouring province whose successive Registrars and their deputies, with their intimate knowledge of co-operative activities throughout the world, spared no pains in giving to this province the benefit of their ripe and varied experience and their specialised learning."

The general progress of the movement in the last four years can be seen from the following statement:—

Class of Societies.	No. of Societies on 31st July				No. of Members on 31st July				Working capital on 31st July			
	1938	1939	1940	1941	1938	1939	1940	1941	1938	1939	1940	1941
1. Central Banks	3	4	4	4	650	750	765	875	Rs. 10,28,553	Rs. 10,40,663	Rs. 10,53,572	Rs. 11,03,100
2. Agricultural credit	660	716	753	776	16,049	17,226	17,453		12,24,875	13,20,365	11,85,913	
3. Agricultural non-credit	33	38	48	88	8,552	9,913	12,234	32,412	7,791	49,538	77,004	12,04,341
4. Non-Agricultural credit	13	11	10	8	2,258	1,809	975		3,06,546	3,58,139	2,81,722	
5. Non-Agricultural Non-credit	44	53	54	68	1,134	1,269	1,255	2,235	28,901	23,924	41,206	1,69,537
Total	753	822	869	944	28,643	30,967	32,722	35,572	26,86,666	27,98,534	26,39,417	24,77,935

CO-OPERATIVE FINANCE

A. AGRICULTURAL SOCIETIES

The following statement shows the operations of agricultural societies in the year 1940-41:—

1. Class of Societies	(a) Credit (Unlimited)	776
	(b) Purchase and Purchase and Sale	40
	(c) Production (Limited) (stock breeding)	9
	(d) Production and Sale (Limited)	39
2. Total number of societies of all classes		864
3. Number of members		32,412
		Rs.
4. Loans made during the year to	(a) Individuals	7,99,295
	(b) Banks and Societies	99,972
5. Receipts from loans and deposits repaid during the year by	(a) Individuals	8,44,894
	(b) Banks and Societies	95,955
6. Loans due by	(a) Individuals	11,20,900
	(b) Of which overdue	2,34,224
	(c) Banks and Societies	10,458
7. Loans and deposits received during the year from	(a) Individuals	1,85,039
	(b) Central Banks	96,508
	(c) Primary Societies	1,362
8. Sale of goods to members		5,51,384
9. Purchase of members' products		5,35,481
10. Cost of management		24,933
11. Share Capital paid up		3,30,890
12. Loans and deposits held at the end of the year from	(a) Members	16,584
	(b) Non-members	15,795
	(c) Societies	3,148
	(d) Provl. or Central Banks	6,43,372
	(e) Government	865
13. Reserve Fund		1,93,096
14. Other Funds		600
15. Working capital		12,04,341
16. Profit		20,729
17. Usual dividend paid on shares		10%
18. Usual rate of interest	(a) On borrowings	7%, 8%
	(b) On lendings	12½%

B. CENTRAL BANKS

There are four Central Banks in the province of which one was a Banking Union. The following statement shows their operations during the year 1940-41:—

1. No. of Banks		4
2. No. of Members	(a) Individuals	101
	(b) Societies	774
3. No. of affiliated Societies holding shares.	(a) Central Credit	1
	(b) Agricultural Credit	752
	(c) Non-Agrl. Credit	6
	(d) Others	15
		Rs.
4. Loans made during the year to	(a) Individuals	1,674
	(b) Banks and Societies	4,53,040
5. Receipts from loans and deposits repaid during the year by	(a) Individuals	3,309
	(b) Banks and Societies	4,06,034
6. Loans due by	(a) Individuals	12,440
	(b) Banks and Societies	8,14,212
7. Loans and deposits received during the year from	(a) Central Banks	4,71,230
	(b) Primary Societies	19,143
	(c) Individuals and other sources	4,91,012
8. Sale of goods to members		601
9. Purchase of members' products		Nil
10. Cost of Management		11,864
11. Share capital paid up		70,650
12. Loans and deposits held at the end of the year from	(a) Societies	23,566
	(b) Provl. or Central Banks	3,35,494
	(c) Government	Nil
	(d) Individuals and other sources	5,41,713
13. Reserve Fund		45,743
14. Other Funds		85,934
15. Working Capital		11,03,100
16. Profit and Loss for the year		18,425
17. Usual dividend paid on shares		3%, 4%
18. Usual rate of interest	(a) On borrowings	3½%, 5. %
	(b) On lendings	7%, 8%

C. PROVINCIAL CO-OPERATIVE BANK

There is no apex bank in the province. The Registrar in his report for the year 1939-40 observes that there is no possibility of it at least for a good number of years to come. The Provincial Bank of the Punjab plays the role of the apex bank for this province also, and it is said that it has readily been helping the movement in this province in times of need.

D. NON-AGRICULTURAL SOCIETIES

The following statement shows the operations of non-agricultural societies in the year 1940-41:—

1. Class of Societies	(a) Credit	
	(i) Limited	4
	(ii) Unlimited	4
	(b) Purchase and Purchase and Sale	1
	(c) Production	1
	(d) Thrift	45
	(e) Education and Adult School	4
	(f) Better Living	17
2. Total number of societies of all classes		76
3. Number of members		2,285
		Rs.
4. Loans made during the year to:	(a) Individuals	43,612
	(b) Banks and Societies	21,507
5. Receipts from loans and deposits repaid during the year by	(a) Individuals	62,186
	(b) Banks and Societies	10,641
6. Loans due by:	(a) Individuals	1,40,058
	(b) Of which overdue	12,460
	(c) Banks and societies	16,717
7. Loans and deposits received during the year from	(a) Individuals	57,832
	(b) Central Banks	53,469
	(c) Primary Societies	409
8. Sale of goods to members		17
9. Purchase of members' products		34
10. Cost of management		2,239

11. Share Capital		
paid up		90,833
12. Loans and deposits	(a) Members	16,942
held at the end of	(b) Non-members	34,441
the year from:	(c) Societies	4,439
	(d) Provl. or Central Banks	nil
	(e) Government	12,749
13. Reserve Fund		9,157
14. Other Funds		1,036
15. Working Capital		1,69,597
16. Profit		5,643
17. Usual dividend paid on shares		4%, 4¼%
18. Usual rate of Interest	(a) On borrowings	4%, 7%
	(b) On lendings	6%, 8½%

SPECIAL TYPES OF SOCIETIES

Consolidation of Holdings.—The consolidation of holdings continues to be one of the most important activities of the department. Seven societies were registered during the year with a membership of 1,946. The consolidation work is being done in Kohat and Swabi Tahsils and a start was also made in the Hazara District by taking up one village of Haripur Tahsil. Work was proceeding in 17 villages in all. The total area consolidated during the year was 5,265 acres as compared with 2,722 acres last year. The number of blocks reduced is from 8,767 to 1,960. The total area consolidated in the whole province up to 31st July 1940 is 39,811 acres. The total number of new wells sunk and repaired since the consolidation began is 45 and 17 respectively. The area brought under well irrigation during the year was 193 acres, and 322 acres of uncultivable waste were made cultivable.

House Building Societies.—The Peshawar House building Society was the single instance of its kind in the province in the year 1939-40. Its membership was 34 and Rs. 1.18 lakhs at 6 per cent were advanced to 11 members for purchase of land for buildings and construction of buildings etc.

Thrift Societies.—The number of such societies in the province during the year 1940-41 was 45. Most of these societies were among school teachers and their progress varies according to the degree of interest taken by each headmaster.

Adult Schools.—There were four Schools in the province during the year 1940-41 as against three of the previous year.

Native Living Societies.—There were 17 societies of this type in the province during the year 1940-41 as against 13 of the last year. So far these societies have confined their activities mostly to the reformation of customs and that too with varied success.

"If the mass of our members are not sufficiently instructed in Economic Science, in the facts of commerce, in the state of this and other countries, in the history of trade in general knowledge of what you aim at and how you seek it, I say if the mass of our members are not sufficiently instructed in these things, there arises a real danger to the Co-operative Movement. Your members become a hindrance and your possessions become a peril and your productive endeavours will continue to be the failure which they too often hitherto have been."

—PROF. STUART, 1875.

Adult Schools.—There were four Schools in the province during the year 1940-41 as against three of the previous year.

Better Living Societies.—There were 17 societies of this type in the province during the year 1940-41 as against 13 of the last year. So far these societies have confined their activities mostly to the reformation of customs and that too with varied success.

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ORISSA

General Features.—Orissa was formed into a separate province on April 1, 1936. It is situated on the eastern coast below the Gangetic delta and on the border of the Bay of Bengal. As now constituted, it covers an area of about 32,400 sq. miles and comprises: (1) the former division of Orissa under the province Bihar and Orissa, (2) parts of the Madras Presidency (a) the Ganjam Agency Tracts, (b) Ganjam Taluk, and (3) parts of Central Provinces (a) Khariar in Raipur District and (b) Chandrapur. The climate is not subject to the extremes of cold and heat. The average annual rainfall is 57·5 inches. The estimated population is about 8 millions the majority being Hindus. Agriculture is the principal occupation of the inhabitants and the important crops raised are rice, jute, pulses, sugarcane, etc. Turmeric is also cultivated over a large area. The agricultural and industrial backwardness of the province is entirely due to portions of the present province being tacked on to one or the other of the neighbouring provinces for administrative convenience. No large-scale industries are found in the province but there are a number of indigenous cottage industries which speak to the skill and craftsmanship of the local artisans. The handloom industries, brass, bell-metal, cutlery, wood and paper-pulp are some of the small-scale industries.

Orissa contributes more than 60 per cent of the iron-ore extracted in India which is mostly found in Mayurbhanj, Keonjhar, and Bonai. Other mineral resources are limestone, manganese and mica. Fishing is an important industry and about 9,000 maunds of cured fish and 50,000 maunds of fresh fish are exported to Calcutta every year. In the forest area timber is produced in considerable quantities. There were 1,453 miles of roads and 500 miles of railway lines in 1937-38.

Under the Government of India Act of 1935 the Governor* with a Council of Ministers is in charge of the administration of the Province. The Oriyas have ever been patriotic and are deeply attached to their culture and language. Hence the agitation for the unification of the Oriya speaking people who were scattered in three different provinces arose as early as 1903 when the Government of India also officially recognised in principle their demand. Since then the Imperial Government have been pressed with the demand for the constitution of a separate Province successively at the Utkal Union Conference in 1917, before the Indian Statutory Commission in 1927 which appointed a sub-committee under Major Attlee to go into the whole question and before the Round Table Conference in 1930-31. Though the enquiries and committees favoured the formation of a separate province, it was not until

*Governor: H. E. Sir William Hawthorne Lewis, K.C.I.E., C.S.I.

January 1936 that an Order in Council was issued constituting Orissa into a separate Province to be brought into line with other provincial units on the inauguration of Provincial Autonomy on April, 1, 1937. Under the Act of 1935 the Legislature of the province is unicameral and consists of 60 seats. After the resignation of the Congress Ministry in October 1939 the province was being administered by the Governor with the aid of one adviser till the 24th November 1941 on which date a ministry was formed and the proclamation under Rule 93 was withdrawn.

The Patna High Court is also the High Court for the Province under para 19 of the Order in Council. The estimated revenue and expenditure for the year 1941-42 are Rs. 1.92 crores and Rs. 1.90 crores respectively.

A Retrospect.—The origin and progress of the co-operative movement in Orissa have to be studied with the larger movement in Bengal, of which Orissa and Bihar formed part till 1912, and its later growth with that in the newly created province of Bihar and Orissa till 1936. The co-operative movement under official initiative was introduced in the area of Orissa even a year earlier to the passing of the first Co-operative Credit Societies Act of 1904. The first co-operative society was started in 1903 in the Banki sub-division of Cuttack district with an advance of Rs. 1,000 from the Bengal Board of Revenue. In the same year four more societies were organised followed by three in 1905, seven in 1907 and ten in 1909. As the avowed policy of the Government and non-official workers in the movement was in the beginning to liquidate the prior debts of the members and thus free them from the hands of the Mahajans, all these societies received direct financial aid from the Government. On 31st March, 1913, the total amount of Government money invested in the movement was Rs. 11,732. But the increase in the number of societies necessitated the organisation of separate agencies for providing adequate finance to the primary societies, to continuously supervise them and develop the movement as a whole. To achieve these objects efforts were made to start central institutions and this policy was endorsed by the Government and was laid down by Sir (then Mr.) E. L. L. Hammond, Registrar of Co-operative Societies in his report for the year 1912-13. The Banki Dompura Union of Co-operative Credit Societies (later styled as the Banki Dompura Central Co-operative Union) was the first central institution to be registered in March 1910. In the division of Khurda too, 21 societies were formed by 1911, and the need for a central bank was keenly felt; therefore, in May 1912, the Khurda Central Bank was started. An honorary organiser was also appointed to proceed with the work of expansion in that area.

The separation of Bihar and Orissa from Bengal coincided with the passing of the Co-operative Societies' Act II of 1912. By this time there were two central banks and 82 societies in Orissa with a membership

of 3,162 and a working capital of Rs. 2.78 lakhs. A separate Registrar was appointed for the newly formed province of Bihar and Orissa with 2 auditors who were placed in charge of co-operative credit societies in Orissa. Even during this initial period of about nine years the qualitative aspect of the organisation of the societies did not receive adequate attention and the rapid extension which characterised the movement rendered necessary the compulsory winding up of a large number of societies. Comparatively, the progress during the first few years may be said to be slow; but during the decade following the post Montague-Chelmsford reform period (1921-31) the expansion was phenomenal. From 94 societies with a membership of 3,192 in 1912-13, the number rose to 641 in 1919-20 with a membership of 12,650. The central banks increased from 2 to 10, during the same period and they financed 563 societies. Their working capital was Rs. 3.17 lakhs. Besides financing they undertook the function of supervising the affiliated societies, through a paid staff of inspecting clerks each being placed in charge of 40 to 50 societies. The actual working capital of the movement excluding investments of one society in another increased from Rs. 1.83 lakhs to Rs. 11.03 lakhs in 1919-20.

In April, 1914, the Bihar and Orissa Provincial Co-operative Bank was formed as the apex institution for financing the growing number of central banks and banking unions. During 1913-14 it granted cash credits to the central banks to the extent of about Rs. 3 lakhs, besides fixed loans amounting to Rs. 1 lakh. The period also saw the introduction of another type of institution, i.e., the guarantee unions, which system was adopted from Burma. The main objects of the unions were to set up a high standard of efficiency in the working of societies by a system of mutual supervision, foster education, sanitation and agriculture and promote in all possible ways the interest of the societies. On 31st March, 1920, there were six unions in Orissa. The Bihar and Orissa Co-operative Federation had been formed already at the end of the year 1918.

Though attention was primarily directed during this period to the organisation of agricultural credit societies, a few attempts were made in 1914 to start societies for the weavers of Cuttack and the Sambalpur towns and among the fishermen living along the bank of the Chilka Lake with the object of improving their material condition and besides in the case of the latter, to arrange for the drying and curing of fish.

In South Orissa (which practically comprises most of the old Ganjam district of Madras Presidency) the expansion of the movement was most appreciable till 1915-16, when there were only 19 societies, the first society being started in 1906. They were financed by the Madras Central Urban Bank (now the Provincial bank). At the end of the year 1919-20, there were three central banks with 185 societies affiliated to them with a total working capital of Rs. 6.83 lakhs. One of the three Central Banks, that at Parlakimidi, was later liquidated and those at Aska and Berhampur are still working fairly well. Steps to disaffiliate them from the M.P.C.B. are in actual progress.

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Joint Registrar of Madras. The decision of the Provincial Government on the recommendations of his report was published in the beginning of 1939 and urgent measures were considered to be necessary to rehabilitate the movement particularly in North Orissa where it had become stagnant and moribund. The management of the central bank in North Orissa was transferred to the Registrar, and agents and sub-agents were appointed to manage them. Overdue and current interest against members and societies were reduced and detailed enquiries were undertaken with a view to finding accurately the real debts of banks and societies, the repaying capacity of the members and weeding out the undesirable ones by coercive action or otherwise. As a result the movement is slowly gaining ground from the last two years.

Statement of Progress of the Movement

Year.	Societies of all kinds.	Individual Members.	Central banks.	Total working capital of all banks and societies	Actual Working capital in the movement excluding investments of one society in another	Reserve Fund.
				(in lakhs of rupees)	(in lakhs of rupees)	(in lakhs of rupees)
1912-13	94	3,182	2	2.78	1.83	0.02
1914-15	155	5,397	3	5.97	4.11	0.84
1919-20	641	12,650	10	16.61	11.02	1.43
1920-21	837	20,900	11	23.79	11.83	1.84
1922-23	1,367	31,515	13	51.83	24.34	3.30
1924-25	1,748	22,068	13	71.61	51.02	5.21
1926-27	2,149	65,561	13	93.63	49.48	7.45
1928-29	2,238	71,846	13	102.86	54.35	10.22
1930-31	2,259	75,968	13	111.28	59.08	12.82
1931-32	2,213	74,583	13	107.52	58.80	12.99
1932-33	2,184	72,905	13	107.14	56.82	13.58
1933-34	2,169	72,546	13	104.35	59.00	12.17
1934-35	2,208	86,319	13	117.24	87.88	13.00
1936-37	2,659	101,262	15	128.44	95.89	13.87
1938-39	2,704	105,826	15	131.96		
1939-40	2,726	108,925	15	129.00	75.20	9.61

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be approved by the central bank. The loans are ordinarily granted for productive purposes mostly on the security of one or more sureties and in some cases on mortgages of immovable properties. The period of loans varies from five to eight years. In 1931 the Registrar issued a circular suggesting the classification of loans into short-term, medium-term and long-term loans and the fixation of the maximum borrowing limit of societies at Rs. 10,000. In South Orissa the maximum borrowing power is specifically fixed in the by-laws which is not more than one eighth of the net assets of all the members of the society and that of an individual ranges from Rs. 200 to Rs. 500. The rate of interest on borrowings and lendings in North Orissa varied from $6\frac{1}{4}$ to 16 per cent and $7\frac{1}{2}$ and 20 per cent respectively. The actual distribution of profits is generally in conflict with the provisions of the Act which lays down that 35 per cent of the net profits should be carried to the reserve fund. In South Orissa the percentage has been fixed at 50. Under the rules, the societies, after the first four years of their working are required to invest 50 per cent of their accumulated reserve fund and thereafter one half of their annual contribution to their reserve fund, in purchasing shares of the central banks to which they are affiliated or in some such manner as the Registrar may decide. On 30th June, 1940, the reserve fund stood at Rs. 8.44 lakhs.

The achievement of the societies is disappointing with respect to the object of the promotion of thrift and savings. As against a total working capital of Rs. 52.19 lakhs the deposits held by the members amounted to only Rs. 40,575. But the societies have fulfilled in a larger measure their prime object of advancing loans. Even here the disquieting feature in the working of the societies has been the steady increase in the overdues of members to societies. On 30th June, 1940, the total amount of loans outstanding against the members was Rs. 39.53 lakhs of which a sum of Rs. 35.46 lakhs was overdue.

Grain Golas.—Grain golas are another form of agricultural credit institutions. They are registered on unlimited liability basis with the objects of (1) creating a store of paddy to be lent out to members for seed grain, maintenance and re-payment of paddy debts at higher interest; (2) creating a reserve stock of grain for any unforeseen emergencies, such as famine and scarcity; and (3) evolving improved varieties of seed by a process of careful selection and to propagate the same. They are unwieldy in size with a membership of 500 to 700 and with their areas of operations extending over several villages. It has been proposed to split them into smaller units and to amalgamate them with the cash societies so that members may not in future borrow from two institutions as at present.

The first grain gola was started in 1918 with a Government grant of Rs. 2,000 for the construction of a godown. In 1920-21 sixteen were started in Angul as a measure of relief against the scarcity of paddy which occurred as a result of the famine in 1919. In 1922, 18 more golas were added. On 30th June, 1940, there were 51 grain golas with

a total membership of 14,856. Every member is generally required to contribute towards share capital 10 seers of paddy for every acre of land cultivated by him but it is refundable to the member after five years without interest. He is also expected to make voluntary contributions on such occasions as marriage, *sradh*, etc.

The working capital of the golas stood at Rs. 2·68 lakhs of which only Rs. 17,000 or 6 per cent was borrowed from outside, the balance belonging to the members. The total outstandings against members were Rs. 2·05 lakhs of which as much as Rs. 1·97 lakhs or 96 per cent were overdue. The overdue interest alone stood at Rs. 92,000. The rate of interest charged on loans is as high as 25 per cent and the security for the loans is either personal or collateral. Various factors such as the liberal extension of credit facilities during the boom period, the subsequent depression resulting in the abnormal fall in the price of paddy, the borrowing by members both in the golas and in the cash societies, the inadequacy of the supervision of the golas by inspecting clerks of the banks have all contributed to their deterioration.

B. CENTRAL BANKS

The first central bank which was of the type of a central banking union was formed at Banki in March 1910. At first the membership was open only to societies but later on a limited number of individuals who were in sympathy with the movement and whose association with the union was considered to further the interests of the union were admitted as special shareholders. The Khurda Central Bank was the second financing institution to be formed in 1912. This was an ordinary type of central bank and consisted of ordinary shareholders (societies) and preference shareholders (individuals). The latter were qualified to participate in the management of the banks concerned. Their local influence and business knowledge were expected to add strength to the banks. These two forms of central banks still continue to function in Orissa. On 30th June, 1940, the 13 North Orissa central banks had 2,119 societies and 618 individuals, while the two South Orissa central banks had 126 individuals and 558 societies, as members.

In both types of financing agencies the liability of an affiliated society for the common debts of the bank has been limited to five times the face value of the shares held by it. The liability of shareholders in banking unions is limited to the face value of their shares while the liability of preference shareholders in central banks is limited to twice the face value of their shares. In the two central banks in South Orissa which follow the Madras practice, the liability of an individual or of a society member is limited only to the share capital subscribed by such members. In all but one central bank the same rate of dividend, not exceeding 9% per cent, is payable both to the preference shareholders and to the societies.

The objects of the banks have been stated in their by-laws to be the development of co-operative societies in their respective areas; the financing of co-operative societies and generally the carrying on of banking business with such societies; controlling their affiliated societies by careful and regular inspection and settling all matters of common interest and advising and assisting such societies and furthering their interests in every way.

The Board of Directors, elected in the annual general meeting, is in charge of the management of the banks. The number of members constituting the Board is not less than 10 but varies from 10 to 21. The annual general meeting which fixes the number of preference shareholders and the society members elect all the members of the Board except in one bank where one half of the directors are elected by the preference shareholders from among themselves and the other half elected by the society members from among themselves. The directors who retire annually are eligible for re-election. In 1925 the provision was introduced that they cannot hold office continuously for a period of more than three years without the previous sanction of the Registrar. In North Orissa the sub-divisional officers or Deputy Magistrates are also appointed as ex-officio directors. The working committee which consists of not less than three members and to which all or any of the powers may be delegated by the Board is in charge of the day to day affairs of the banks. The committee may also delegate their powers to the Secretary, Chairman, or Deputy Chairman, the exercise of such powers being subject to the confirmation of the Board.

On 30th June, 1940, the working capital of all the central banks amounted to Rs. 60.81 lakhs of which Rs. 13.94 lakhs constituted the owned capital. The deposits from individuals and societies amounted to Rs. 39.53 lakhs while the loans and cash credits from the provincial bank amounted to Rs. 7.34 lakhs. The central banks in North Orissa receive fixed and savings deposits, provident fund and security deposits from the employees but they are not permitted to take current deposits. The South Orissa Banks, in addition to the above types of deposits, receive current deposits and also deposits from local bodies, District Boards and municipalities. To facilitate easy repayment of deposits when collections flow in at favourable seasons the central banks in North Orissa adopted the system of 'one date deposit' i.e., all the fixed deposits are repayable on a single date, subject to two months' previous notice for withdrawal. The present rates of interest on fixed deposits vary from 4 to 8 per cent in North Orissa and 3 to 6½ per cent in South Orissa. The bulk of the fixed deposits held by the North Orissa banks were overdue for repayment but the latter had been unable to meet the demand due to poor collections and little inflow of fresh deposits.

The North Orissa banks owed a sum of Rs. 6.83 lakhs to the Provincial Government on account of loans and cash credits due from them to the Bihar Provincial Bank and they did not receive any fresh loans

from any source while the South Orissa banks borrowed a sum of Rs. 49,000 from the Madras Provincial Co-operative Bank. The funds borrowed were mainly advanced to the primary societies. The usual rates of interest varied from 10 to 12½ per cent in North Orissa and 7½ to 8 per cent in South Orissa. The North Orissa banks were not in a position to advance large loans during the year to their affiliated societies. The Provincial Government have since decided to finance the banks and societies in North Orissa direct through the Registrar and rules of financing are under their consideration. The amount of loans outstanding against societies of all kinds on 30th June 1940 was Rs. 43.05 lakhs. In North Orissa as much as 91 per cent of the loans were overdue, while in South Orissa it was as low as 24.5 per cent. Thus the position as regards overdues is far from satisfactory in North Orissa though a little improvement was noticed in collections in both parts in 1940 due to the rise in the price of rice, the favourable seasonal conditions which produced a bumper crop in South Orissa and the extensive execution of awards against defaulters in the Aska area. The following statement shows the financial position of the central banks on 30th June, 1940:—

Assets	North Orissa	South Orissa	Liabilities	North Orissa	South Orissa
(in thousands of rupees)			(in thousands of rupees)		
Cash in hand and in Bank	4,37	57	Share Capital	5,25	1.99
Investment	1,68	4,68	Reserve Fund	2,32	54
Loans due by individuals	8	23	Other Funds	1,95	1.39
Loans due by societies:			Deposits from individuals:		
Short-term	27	3,72	Short-term	8,10	3.29
Long-term	32,10	6,65	Long-term	90	1,77
Interest due:			Loans and Cash Credit		
Current	1,30	34	from Provincial Bank		
Deferred	4,90	..	Short-term	1,68	41
Other items	2,32	41	Long-term	5,15	10
Losses	2,03	..	Interest due by banks	3,06	16
			Other items	1,21	..
			Cost of management	8	6
			Profits	..	27

C. PROVINCIAL CO-OPERATIVE BANK

Until the separation of the province from Bihar in 1936 the central banks in Orissa were financed by the Bihar and Orissa Provincial Co-operative Bank either by way of loans or cash credits taken from it. To meet the general desire in the newly constituted Province

to have a separate Provincial Bank for Orissa, the Orissa Provincial Co-operative Bank was registered in August 1936 and share capital to the value of Rs. 11,000 had been collected. The Bank did not commence business pending the decision of the Government on the report of the enquiry into the movement instituted in the same year. In 1939 the Government emphasised the necessity for a Provincial Bank and a revised set of by-laws were framed with the approval of the Provincial Government to suit the altered conditions of the movement. But due to certain technical difficulties in amending the by-laws of a bank which had not started work, it was liquidated and the establishment of a new Provincial Bank with the revised by-laws has however been postponed for the present on account of abnormal conditions due to the present war. Thus there is no apex bank for the central banks of North Orissa while the Madras Provincial Co-operative Bank is continuing to function as the apex bank for the two central banks in South Orissa.

D. LAND MORTGAGE BANKS

The Provincial Land Mortgage Bank.—The Orissa Provincial Land Mortgage Bank which was started only recently has commenced to work in the irrigated areas of Berhampur and Chatrapur Taluks of the Ganjam District in South Orissa and in the Cuttack Sadr subdivision in North Orissa. There were 42 'A' class (non-borrowing) members and 99 'B' class (borrowing) members at the end of the co-operative year 1940. The working capital stood at Rs. 55,564 and loans to the extent of Rs. 50,000 in South Orissa and Rs. 4,000 in North Orissa were advanced. The Bank received a subsidy of Rs. 8,000 from the Provincial Government towards its cost of management. The services of a co-operative sub-registrar were lent to the Bank to act as its Secretary. Besides concessions in respect of grant of free encumbrance certificates, free supply of village maps and access to the collectorate record rooms the Provincial Government have decided to finance the Bank temporarily till it is able to float its own debentures or find other sources of capital.

In the absence of a legislative enactment the attempts of the debt settlement sub-committees to scale down members' debts amicably before their redemption proved unsuccessful. The work of the Bank could not progress as the creditors of members were reluctant to disclose the loans due to them. Secondly accurate information could not be obtained about the encumbrances on lands offered in mortgage. There were also difficulties in devising suitable measures to safeguard the lands mortgaged against their sale for arrears of rent. The Orissa Tenancy Act requires to be amended in this respect.

E. URBAN BANKS

In North Orissa societies of the type of urban banks catering to the financial needs of persons of limited means were not started. In South Orissa too there are only five urban banks with a membership of 5,804

and a working capital of Rs. 7.37 lakhs. The share capital, reserve fund and other owned funds of these banks amounted to Rs. 1.83 lakhs or 25 per cent of the working capital. The balance represented deposits which amounted to Rs. 5.54 lakhs. None of the banks depended for their finance on the central banks. The loans outstanding against the members at the end of the year were Rs. 5.88 lakhs of which Rs. 2.2 lakhs or 38 per cent were overdue. The Berhampur Urban Bank was the biggest of these banks with a membership of 2,452 and a working capital of Rs. 4.69 lakhs which was more than half the total working capital of all the banks of this class.

Employees' Societies.—The membership of these societies consists of Government servants and local board employees. Some societies borrow money or receive deposits only from members and the maximum amount of such liability has been fixed at five times the amount of share capital subscribed. The best societies of this class were the Puri District Board Employees' and the Cuttack Municipal Sweepers' Societies which collected their demands fully. These societies have no share capital but are based on a system of monthly compulsory thrift deposits from members. The societies can borrow or receive deposits from members upto twice the amount of contributions actually subscribed by them. The loan granted to members is limited to four months' salary and the latter is also required to authorise the deduction of loan instalments fixed from their monthly pay bill. In some of the older societies advances are made upto ten times the value of shares actually paid or six months' pay which ever is less. The following statement shows the financial and other particulars of the societies:—

Particulars	North Orissa	South Orissa	Particulars	North Orissa	South Orissa
Number of societies	13	12			
Number of members	2,216	1,516			
(in thousands of rupees)			(in thousands of rupees)		
Paid up share capital	63	25	Working Capital	1.35	60
Reserve Fund	27	10	Loans disbursed during the		
Other funds	4	3	year	1.12	74
Deposits by members	37	10	Loans Collected	96	71
Deposits by non-members	3	9	Loans outstanding	1.25	53
Loan from Central Bank			Overdue principal	24	14
and Government	0.5	3	Overdue Interest	1.4	1.5
			Profit	6	2.5

CONSUMERS' STORES

The Orissa Mutual Co-operative Stores at Cuttack was the first stores society of its kind in Orissa and was registered in April 1917. It started business on a large scale and traded in oilmams' stores, rice, dholl, etc., but it had to be liquidated in a short period of three years

due to mismanagement. In 1920 four store-societies were organised at Cuttack, Bhadrak and Banki. The Ravenshaw College Co-operative Stores was one among them and it was intended to serve the needs of the student population of the college. The efforts were attended with success and gradually the number of stores increased. In 1924 the Government caused an enquiry to be made into the causes of the failures of stores societies. It was found that the soil of Orissa was not congenial to the successful working of consumers' stores. Therefore it was decided that stores which dealt with the supply of necessities of life should not be allowed to borrow or seek deposits from non-members except with the approval of the Registrar.

On 30th June 1940, there were 8 stores societies in the Province. Of these only one was in North Orissa. Its membership was confined to fishermen societies and individual fishermen on the Chilka coast. The society transacted business with its owned capital only and took on lease the Government prawn fisheries in the Chilka lake. Usually the stores used to work on profits and in 1938-39 the profits amounted to Rs. 7,840. But due to unfavourable weather conditions it had to incur a loss of Rs. 500 in 1940. The seven stores in South Orissa were all small institutions and did a very small volume of business. Six of them were societies formed with the object of supplying books and stationery to students of schools and colleges. Their combined working capital stood at Rs. 2,022 and there was considerable fall in the business turnover. The remaining one, the Parlakimidi Khadi Store, did good business and the sales amounted to Rs. 2,300 though the membership was only 43, and the working capital Rs. 528.

PURCHASE AND SALE SOCIETIES

Weavers' Societies.—The first weavers' society to be started in the Province on the basis of purchase and sale was the Bhogamadhab Weavers' Co-operative Society in the year 1914 in the Jaipur area. The object of the society was to improve the economic lot of the weaving classes by supplying cheaply the raw materials for the production of cloth and by arranging for the sale of their finished products at the most advantageous price. The other societies started in the early years with similar objects failed due to the dishonesty of members and unbusiness-like methods adopted in working the societies. Under the Government of India Scheme for the promotion of handloom industry, three weavers' societies were registered during 1936-37, two in Cuttack sub-division and one in Khurda sub-division. They are affiliated to the central banks in their respective areas which accommodate the former with cash credit facilities. The societies have to supply the weavers with mill yarn at the minimum market price and market the finished goods at the most favourable prices. Two weaving supervisors, with technical training, were charged with the duties of (1) maintaining the accounts of yarn purchased and supplied to the members, (2) instructing and guiding the weavers to manufacture cloth according to the speci-

cations given, (3) executing the orders placed with the societies, (4) controlling production and (5) distributing wages to the weavers. A weaver-organiser has also been appointed to regulate the work of the supervisors and do the preparatory work and carry on propaganda to organise more societies of the kind. Except the Devanga societies in Berhampur Town and the Olsing Society which had silk weavers as their members, the rest were all composed of cotton weavers. Many of the societies are in a moribund condition as a result of over-financing in the past. The following statement gives the particulars of the societies :—

Particulars	North Orissa	South Orissa	Particulars	North Orissa	South Orissa
				Rs	Rs.
Number of societies	43	3	Working Capital	40,797	5,016
Number of members	726	177	Loans collected	2,031	293
	Rs	Rs.	Loans disbursed	237	..
Share Capital	4,060	965	Loans Outstanding	28,282	2,021
Reserve Fund	15,746	2,326	Principal overdue	28,059	2,021
Other Funds	1,054	888	Interest overdue	5,918	721
Deposits	1,545	175	Profit	874	163
Loans from the			Loss	1,914	5
Central Bank	18,392	662			

SPECIAL TYPES OF SOCIETIES

It is only of late that attention has been diverted to the organisation of non-credit societies and develop the other branches of co-operation. There are two building societies, 4 village welfare and better living societies, one press society and one labour society. The building societies had a working capital of Rs. 34,139 of which a sum of Rs. 10,226 constituted the owned fund and the balance represented borrowings from the Government. The better living societies were not active while the press society transacted business to the extent of Rs. 2,696. It had eleven members and a working capital of Rs. 10,383. The labour society had no record of useful work.

SUPERVISION, EDUCATION AND AUDIT

SUPERVISION

The work of organisation and supervision of societies was at first entrusted to the honorary organisers. They were influential persons of the area and had an intimate local knowledge of the villages. They

were paid the travelling allowance for the journey which they undertook. In 1915 the Registrar, after a visit to Burma, recommended the adoption of the system of guarantee unions which were successfully functioning there. He was of the view that the system would be of the greatest benefit, both to central banks and to their affiliated societies. In pursuance of this policy the first guarantee union was formed in May 1918 in the Jaipur Central Bank area. By the end of 1922 the number of unions rose to 13. The functions of the unions were to (1) guarantee the loans advanced by the central banks to societies forming the union, (2) control the societies by careful and regular inspection and to enable them to receive loans promptly from the central banks. In practice, however, they failed to fulfil their functions satisfactorily. They could not even ensure effective supervision of the societies and thus reduce the cost borne by the central banks. On the other hand the contributions from societies which were required for running the unions proved to be a drain on the resources of the societies. Consequently most of the unions had to be liquidated. On 30th June 1940 there were only two guarantee unions in the Khurda area (North Orissa) with 21 societies affiliated to them. They did not undertake any supervision work and are awaiting liquidation.

In South Orissa there were nine supervising unions with 439 societies affiliated to them. These societies had a total working capital of Rs. 11·58 lakhs. The strength of the supervisory staff was 26. As in North Orissa the unions have generally failed to fulfil their functions and the consensus of opinion is in favour of abolishing them as they form a superfluous adjunct to the co-operative machinery.

Thus we are left with the staff of inspecting clerks appointed by the central banks which forms the chief agency for the supervision of societies. This system was in existence even prior to the introduction of the guarantee unions. There is considerable variation in the number of societies placed in charge of an inspecting clerk, e.g. in one bank the average number for an inspecting clerk worked out to 76 while in another bank it was 41. The work of the inspecting clerks is controlled by a manager usually appointed for every one hundred societies. The number of inspecting clerks has been retrenched after the economic depression. The suggestion of the Bihar and Orissa Committee on Co-operation that the inspecting clerks should be separated into 'banking supervisors' and 'development supervisors' was adopted in a few of the banks; but now the distinction has been given up as practically all the supervisors are concentrating their efforts primarily in recovering the arrears in the societies in their charge. Generally the supervisors are recruited from those who have studied up to the matriculation class and have received training at the Co-operative Institute at Cuttack. Their salary ranged from about Rs. 30 to Rs. 50. In North Orissa the primary societies made no contribution towards the cost of their supervision while in South Orissa a supervision fee of annas eight per cent on the interest earned by the societies was paid towards the cost of the supervisory staff of the central banks.

EDUCATION

After the separation of Orissa from Bihar, the Bihar and Orissa Co-operative Federation ceased to have any jurisdiction over the newly constituted area and thus there is no co-operative propagandist body in the Province. The publication of the Oriya Co-operative Journal, *Pallimangal*, was discontinued long ago and attempts have not been made to revive the same. Under the Government of India Scheme for co-operative education and training (1939), the first session of the training class for junior inspectors was started on the 29th May, 1939. Out of thirty-two candidates who received training eighteen came out successful in the final examination held in March, 1940, while four more passed in the supplementary examination held in June next. In May 1940 five educational inspectors were appointed for training the secretaries and the *panches* of rural societies in the principles of co-operation and book-keeping. By the end of 30th June 1940, the secretaries of 87 societies and their *panches* numbering 263 received training in the above subjects.

AUDIT

As in other parts of India audit is a statutory duty of the Registrar. For some time in the beginning the Government conducted the audit of accounts of societies registered under the Co-operative Societies Act. In 1915, at the suggestion of the Registrar, it was decided that a federation of all societies, mainly for audit and secondarily for other purposes, should be established. Thus audit was handed over to the Bihar and Orissa Co-operative Federation. The Registrar was the ex-officio Governor of the Institution. Local auditors and divisional auditors were appointed by the Federation to audit the primary societies and central banks respectively. The cost of the audit staff was met from a fee levied from all the societies which was supplemented by a subsidy from the Government. Later a chief auditor was appointed to check all audit work and to advise and assist the Registrar in the discharge of his audit and banking functions. Besides, the chief auditor was entrusted with the work of test-auditing the central banks. Ten per cent of the societies audited by the local auditors were test audited by the assistant registrars and divisional auditors. The Bihar and Orissa Committee on Co-operation pointed out that as under the prevailing practice the auditors were subjected to the influence of the institutions audited by them, the audit staff should be brought under the direct control of the Government. But the latter could not accept this suggestion and considered that the existing arrangement worked well.

When Orissa was constituted a separate Province the representatives of central banks decided that there should be no federation for Orissa and that the audit of societies should be undertaken by the Government. This decision was approved by the co-operative conference held at Puri, in 1936. According to the scheme of reorganisa-

tion which was approved by the Government and took effect from 1st July, 1937, the audit staff employed by the Bihar and Orissa Co-operative Federation in Orissa was taken over by Government. In North Orissa, the audit staff consists of (1) two sub-assistant registrars who conduct the final audit of the accounts of central banks and the test audit of five per cent of the accounts of primary societies, (2) three senior inspectors who undertake the two-monthly audit of central banks and the final audit of all limited liability societies, and (3) 23 junior inspectors who audit the accounts of all the unlimited liability primary societies.

In South Orissa the audit arrangements are practically the same as in Madras. The staff consists of one senior inspector for the concurrent and final audit of central banks, one junior inspector for the concurrent audit of limited liability societies and eight junior inspectors for the audit of accounts of village credit societies. In North Orissa no set form is used to record the results of the audit of central banks while the primary societies are audited once a year in set forms. In the case of the former no formal audit certificate is issued either by the Registrar or the Deputy Registrar and the sub-assistant registrars themselves certify the correctness of the balance sheets. Primary agricultural credit societies in South Orissa are exempt from payment of audit fees while in North Orissa audit fees are payable by agricultural as well as non-agricultural societies. But in view of the decay of the movement in this part of the Province the Government have suspended for the present the recovery of audit fees.

"The wonder is that the small farmer on his five-acre holding, weak and isolated as he is, should receive for his crop as much as he does, for, as regards much of his produce, he is confronted by a thoroughly well organised body of distributors and by ultimate consumers no less well equipped, who are able to draw their supplies from every quarter of the globe.

—THE MARQUESS OF LINLITHGOW.

PUNJAB

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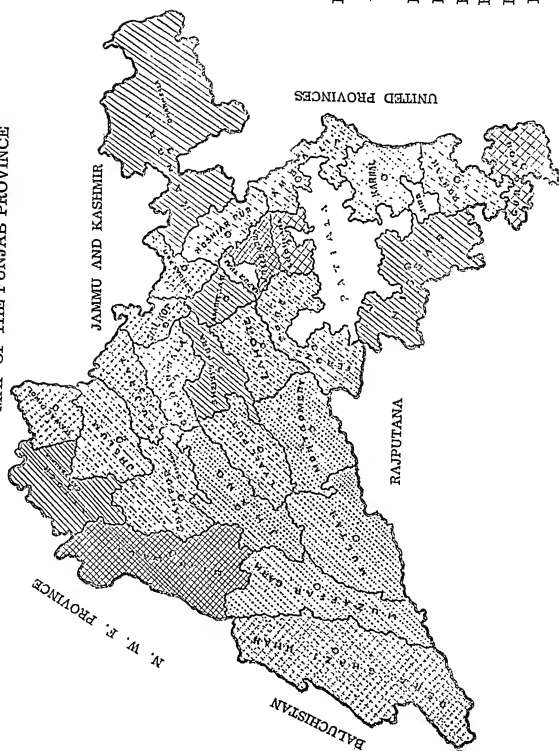
Chaudri Iqbal Mohammad, <i>Assistant Registrar, Co-operative Societies, Gurdaspur</i>	..	Agricultural Credit Societies
Khan Mohammad Bashir Ahmad Khan, <i>Honorary Secretary, All-India Co- operative Institutes' Associa- tion, Lahore</i>	..	Consolidation of Land Holdings Co-operative Marketing The Punjab Co-operative Union
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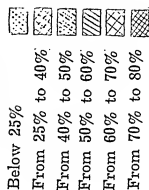
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MAP OF THE PUNJAB PROVINCE



Proportion of Villages with
Co-operative Societies to
total number of Villages
in the District



PUNJAB

General Features.—The Punjab, popularly known as the Land of Five Rivers, occupies the extreme north western corner of the British Empire. The five famous rivers, the Jhelum, the Chenab, the Ravi, the Beas and the Sutlej run through the Province which is bounded on the east by the United Provinces, on the west by Baluchistan and the north by the North Western Frontier Province. With the formation of Delhi as a separate province in 1921, the area of the Province was reduced by about 450 square miles and it now covers an area of 99,200 square miles. The Province may be split into five natural divisions, the Himalayan tract with an area of 22,000 square miles and thinly populated, the Salt Range which includes the districts of Attock, Rawalpindi and Jhelum and part of Shahpur District, the Sub-montane tract which comprises the most fertile parts of the Province with a copious rainfall and is thickly populated, the eastern plains with in which lie the large cities of Lahore and Amritsar and the western plains which cover the great colony areas on the Chenab and Jhelum canals having Multan and Lyallpur as the largest cities. It has a dry climate with extremes of heat and cold and the rainfall is scanty in all the tracts except the Sub-montane region. The Province is covered with 26,000 miles of roads (including 5,600 miles of metalled roads) and 7,000 miles of railways besides 150 miles of navigable canals.

The population is 2,77,70,000 according to the census of 1941. The Mahomedans constitute 13·3 millions while the Sikhs and Hindus form about 3 and 6·3 millions respectively. The Jats, Rajputs, Awans, Pathans and Gujars of the Punjab have provided many of the best recruits to the Indian Army. Punjabi is the chief spoken language of the Province.

Agriculture is the chief occupation for 65·5 per cent of the population. Since 1900 several big irrigation projects have been executed with success as a result of which large tracts of barren land have been brought under the plough and many canal colonies have sprung up. In 1937-38, nearly 13 million acres were irrigated by Government irrigation works. Wheat is the staple crop and the extension of irrigation facilities has steadily increased the area under the crop. The other crops grown are: gram, barley, rice, millets, maize, oil seeds, cotton and sugarcane. In the plains a greater part of the population depend on live-stock for maintenance. Wool is an important product in this tract and the production of hides and skins is the chief industry.

In the matter of industrial development the Province has maintained a steady progress though not rapid. From 602 in 1928 the number of factories increased to 917 in 1939. Spinning and weaving mills for cotton are distributed in the industrial centres of Lyallpur,

Okara and Montgomery, and for wool in Dhariwal. Besides there are a number of factories and mills for the manufacture of cement, paper, sugar, carpets, vegetable oil, etc. The most important cottage industry is handloom weaving and blankets and woolen rugs are produced in great quantities. Other cottage industries of commercial importance such as ivory carving, manufacture of brass and copper vessels, hosiery work, etc., are also found. The Punjab Arts and Crafts Depot at Lahore helps in the marketing of the artistic wares of the craftsmen and suggests improvements in the design and workmanship. The revenue and expenditure of the Province have been estimated at Rs. 13·28 crores and 14·93 crores respectively for the year 1941-42.

The Punjab is a Governor's* Province under the Government of India Act of 1935 with a Council of Ministers. The size of the Legislative Assembly has been enlarged by the same Act and its powers have been widened. For purposes of administration the Province is placed under five Commissioners (Ambala, Jullundur, Lahore, Rawalpindi and Multan) who work under the Governor and control the 29 Deputy Commissioners who are in charge of a district each. The High Court, consisting of a Chief Justice and ten Puisne Judges is the final appellate authority in civil and criminal cases. The seat of the Government is Lahore in winter and Simla in summer.

In the field of education the Province has made a rapid advance in the past two decades. There are 15 Arts Colleges (including one for Europeans and three for women), four normal schools for males, 26 training classes, 14 secondary schools for boys and girls and 62 centres for vocational training maintained by the Government besides other educational institutions run privately.

A Retrospect.—The origin of the co-operative movement in the Punjab synchronized with the passing of the first Indian Co-operative Societies Act X of 1904. As in other parts of India, in the beginning efforts were concentrated on the organisation and development of credit societies to meet the financial needs of the agriculturists as the primary object of the movement was to redeem the indebtedness of the rural population and fight out the evils of usury which was then widely prevalent. The pace of progress was slow till the year 1912 when the revised and enlarged Co-operative Societies Act (II of 1912) came into force. This gave an impetus to the growth of the movement and there was a steady progress in the organisation of new societies. Thus in 1917-18, five years after the passing of the Act II of 1912, the number of co-operative societies of all kinds increased to 4,000 with 1,35,000 members and the working capital stood at Rs. 2 crores. To finance the primary societies central banks and banking unions were started and soon they became the financial arteries of the movement. Financially the unions were less important than the central banks which operated within a radius of 10 to 15 miles.

*Governor: H. E. Sir Betrand James Glancy, K.C.S.I., K.C.I.E., I.C.S.

The decade following the conclusion of the War in 1918 saw an improvement in the prices of agricultural products which soared up to a high level in 1929 preceding the depression. During this period the opportunity was availed of to increase the number of societies and there was a rapid development. The following figures explain the rapid pace of the movement in the decade:—

	1919	1929
Primary Credit Societies (agricultural and non-agricultural)	5,116	16,493
Members	1,46,938	5,06,186
	(In Lakhs of Rupees)	
Working Capital	154	805
Advances by primary societies to their members	48	304
Recoveries by primary societies	39	202

There were 48 central banks and 65 banking unions in 1929 and they had accumulated deposits to the extent of nearly 539 lakhs of rupees. Though the amount of advances to members had increased overdues fluctuated little and did not exceed 14 per cent. There was also a great improvement in the savings of the members which increased from Rs. 162.61 lakhs in 1919 to Rs. 929 lakhs in 1929. In the same year the Banking Enquiry Committee, though it undertook no elaborate enquiry into the general working of the co-operative movement, studied the possibilities of the movement and remarked that the co-operative movement was exercising an enormous influence on the people of the Punjab.

Unlike other Provinces, even in the early stages of the movement greater emphasis was laid in the Punjab on the necessity of organising societies on sound lines and in 1921 Mr. Calvert, the then Registrar, remarked that improvement in quality was as important as increase in numbers. A selected inspector was appointed to hold regular classes for the training of inspectors and sub-inspectors. However, the Banking Enquiry Committee noted in 1930 that though much teaching had been given it was possible that it had not kept pace with the very rapid development in that decade.

This period also saw the initiation of new types of societies of which some of them made phenomenal progress and some could not make much head way. The Punjab Co-operative Union was registered in July, 1918 and it was responsible for the development and control of the co-operative movement in the Province. The influence and importance of the Union has been increasing steadily and the progress achieved has been satisfactory. In 1919 the possibilities of co-operative marketing were tried by opening about 20 co-operative commission shops in canal colony areas. In the subsequent year consolidation

of holdings on a co-operative basis, the conception and plan of Mr. Calvert, was experimented upon and it has proved to be the most beneficial and popular of all the experiments in the Punjab. More than 13 lakhs of acres have so far been consolidated. In 1921 the Department initiated the organisation of co-operative arbitration societies in the Province. Due to certain legal difficulties in the constitution of such societies the Government issued orders in the subsequent year to close the twenty societies which were then operating. But they were restarted in 1927 in response to the public demand after the constitution was suitably modified to meet the legal requirement. The work of these societies is now hampered by the enactment of the Village Panchayat Act and the setting up of Debt Conciliation Boards. The better farming societies which were also organised during this period have not made appreciable progress.

In 1924 the Punjab Provincial Co-operative Bank was started with a view to centralise and co-ordinate the activities of central banks and banking unions. Before the formation of the Bank the functions of arranging and controlling inter-central bank dealings were performed by the Registrar. The Provincial Bank was also intended to serve as a financing agency for the primary land mortgage banks. In 1926 the Bank floated a debenture loan of Rs. 5 lakhs with guarantee of interest by the local Government.

The urban credit movement was not altogether neglected though no special attention was paid to the organisation of societies in towns. In 1929 there were only 187 urban credit societies with nearly 7,000 members and a working capital of Rs. 19 lakhs. Noticing the slow progress of the movement in urban areas the Registrar, in 1927, asked the Government to appoint three inspectors for developing urban credit societies.

The advent of the economic depression in 1931 followed by the prolonged periods of drought, scarcity and famine has stifled the healthy progress of the movement. As a result the Department adopted a policy of consolidation rather than of expansion. However, even during this period experiments were made with starting non-credit societies such as co-operative medical aid societies, first aid centres, fruit plantation societies and other industrial societies for weavers, shoemakers, carpenters, etc. The urban credit societies also showed some real progress only during this period since 1934. The short statistical note appended below shows the general progress of the movement as on 31st July 1940. Mr. F. L. Brayne, has briefly summarised the position as follows: "There is much cause for searching of heart in the co-operative movement, but there is also much cause for thankfulness and for confidence. The movement is weak in some areas, but it is healthy and vigorous in many others. There is infinite room for expansion, particularly of the many kinds of co-operation not connected with agricultural credit."

General Progress of the Movement in 1940

	Societies.	Members.	Working Capital. (In lakhs of Rupees)
Provincial Bank	1	12,204	142.40
Central Credit	120	24,482	632.41
Central Non-credit	67	9,978	21.99
Agricultural	19,816	7,63,782	660.46
Non-agricultural	5,166	2,17,777	164.05
TOTAL	25,170	10,28,223	1,621.31

CO-OPERATIVE FINANCE

A. RURAL CREDIT SOCIETIES

Village credit societies occupy an overwhelmingly predominant place in the Punjab Co-operation. In any attempt to measure the present strength and the worth of the movement, recourse must therefore be had to a lucid account of the agricultural societies and judge how far these societies have established themselves in the Province and to what extent fulfilled their object of organisation.

The first society of the kind registered under the Act was founded in the year 1905. Thirty-six years, with all the vicissitudes of the Punjab agricultural life, have elapsed since then and the number of agricultural credit societies to-day has risen to 17,224. But the growth of these societies has not been evenly spread over all these years. While the rate of increase was prolific in the ten years following the Great War it considerably slowed down in the last decade due to change of policy as well as agricultural conditions. Though the necessity of organising societies on sound lines had never been under-emphasized and as far back as the year 1921, Mr. Calvert, the then Registrar, remarked in the Annual Report that improvement in quality was as important as increase in numbers, yet it was only in 1927-28, that a determined policy of tempering expansion with consolidation was initiated and has been maintained ever since. Recently this policy has been carried a step further and has become definitely of consolidation rather than of expansion.

The change in the policy has had two-fold effects, while the number of new registrations has fallen down every year, the number of cancellations has been on the increase. On the one hand rigid standards have been adopted for the classification of the

societies and vigorous efforts have been made to revitalise and raise them from a lower to a higher class; on the other hand, the process of weeding out the stagnant old societies which have deteriorated beyond all hope has been taken in hand. The number of new registrations is thus substantially offset by cancellation and the net increase in the number of societies has shown a progressive fall year after year.

The figures for registrations, cancellations and net increase in the number of societies for the representative years of the past three decades are given below :—

	1919-20	1929-30	1939-40
Number of new registrations	1,593	906	278
Number of cancellations	64	259	168
Net increase in the number of societies	1,529	647	110

But for the reasons mentioned above, the number of these societies would have stood at a far higher figure. Even the present position is very encouraging considering the difficult times the movement had to pass through. There are about 34,000 villages in the Punjab and almost 50 per cent of them possess a society. The ideal of each village to have one credit society is still far away but in no way beyond the reach and if the effort is sustained it may be attained in another generation.

The membership of these societies stands at 5,45,217. A year before, this figure stood at 5,36,074 which shows that there has been an increase of 9,143. It is gratifying to find that in spite of the slow rise in the number of new societies and continued elimination of the bad ones, the membership has been considerably increasing every year. This continued increase indicates that good credit societies go on attracting new recruits and is a further proof of the vitality of the movement. Another point to note about it is that the membership of these societies bears a high proportion to the population as compared with other provinces.

In the year 1939-40 one lakh forty thousand and eighty two loans for Rs. 1,11,76,659 were issued to one lakh nine thousand two hundred and ninety members. Compared with the figures for the previous years, it appears that loan business is expanding with the consequent increase in the total amount of loans from Rs. 6,15,51,581 for the year 1938-39 to Rs. 6,47,68,524 for the year 1939-40. This has led to a rise in the average loan per member from Rs. 114·8 to Rs. 118·7. There is little to be afraid of in this increase in the indebtedness because, most probably, it is due to the fact that with the drying up of the other sources of credit as a consequence of the recent agrarian enactments a good many members whose loyalty in the past had remained divided between the society and the money-lenders have been compelled now to depend wholly on the societies for the supply of credit.

These loans have been advanced for various purposes covering almost all the financial needs of the agriculturists. Recently it has been suggested that co-operative societies should supply only short-term credit. The Punjab is adopting this creed, having realised its wisdom, and now the societies are being persuaded to restrict their business mostly to crop and cattle loans. Lending for these purposes is, therefore, becoming more and more common every year with the consequent reduction in the loans advanced for ceremonial and other unproductive purposes.

The usual lending rate is 9½ per cent though it varies from 4 to 12½ per cent in different societies. Where societies have a high percentage of owned funds in relation to their working capital or succeed in attracting deposits at low rates, the interest is charged at reduced rates, while those which are dependent on extraneous help in the matter of finance have to advance loans at rates higher than those at which they borrow.

The old practice of revising the demands at each harvest irrespective of the original instalments agreed upon in the bond has been found to be defective and is being abandoned. It is now being stressed that the demand should follow the 'kists' fixed in the bond. Demands have, therefore, shown a tendency to be pitched up higher every year. The new system has also resulted in showing larger overdues because it will take some time before the members are taught completely to respond in full to the change. Recoveries have, however, improved. Corresponding figures for the last three years for demands, recoveries and overdues are given below in lakhs of rupees.

Year	Demand		Recovery		Overdue		Percentage of Recoveries
	Principal	Interest	Principal	Interest	Principal	Interest	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1937-38	118·62	209·69	112·19	43·55	Not available		17
1938-39	131·03	218·90	108·93	40·74	46·76	170·1	16
1939-40	181·96	227·88	123·28	44·44	59·28	185·74	20

The small fall in the percentage of recoveries for the year 1938-39 has been due to the extremely unfavourable agricultural conditions which prevailed throughout that year.

The above statement shows that recoveries in interest lag far behind those of principal. This is because of the fact that in a good number of societies, spoiled by over-financing in the past, the members have been extended the concession of paying their principal loans first, with a view to expedite the recovery of frozen debts. The recovery of the interest

is thus postponed and the overdues are being piled up year after year. Despite all this, the growth of the overdues causes serious concern and some effective remedy must be thought out to check the tendency. The improvement in recoveries has furnished a sign of the passing away of the severity of the economic depression and if the agricultural conditions remain stable and the prices do not suffer any change for the worse, further improvement in recoveries is sure to follow as the time passes on.

In the matter of recoveries coercive measures have been adopted to a negligible extent. During the year 1939-40, only 15 debtors, all of them wilful defaulters, were committed to civil prison for non-payment of their dues and in 132 cases alone land was taken on lease for the recovery of debts owed by the debtors owning land. In order to avoid unnecessary coercion and afford relief to the debtors, involved heavily and beyond their repaying capacity, conciliatory measures are being taken. In the south east of the Province where the movement is particularly in a weak state, the work of the estimation of bad and doubtful debts has almost been completed and the campaign for conciliation is to follow soon. In other parts as well, necessary attention is being paid to start this work where required. In this connection, it may be mentioned that in the year 1939-40, an amount of no less than Rs. 2.46 lakhs was written off as irrecoverable. No doubt, this amount includes a part which could never be recovered and therefore had little to do with conciliation but most of it has been written off by way of compromises.

A remarkable achievement of these societies is the ease with which most of them have been able to attract deposits from members as well as non-members. At the end of the year 1938-39, member-depositors numbered 23,916 with deposits of Rs. 30.48 lakhs. The position has suffered to some extent during the year 1939-40 which is most likely due to the War on the psychology of the depositors.

A very reliable and almost a certain index of the quality of the societies is offered by the table giving figures relating to the classification. In the Punjab, credit societies are divided into five classes. Societies belonging to A and B classes are those which are almost independent of outside control except the audit of their accounts. Their members are presumed to understand the principles of co-operation and possess the capacity to put these principles into practice so far as the management and working of these societies are concerned. Those of class C (1) are normal societies working with fair success but not in a position to wholly dispense with outside help in the shape of supervision etc. Those belonging to class C (2) are such as have caught disease and are on the way to decadence. They are given a close and careful supervision to stop the process of decay. Societies coming under the last class 'D' may be likened to an indoor patient who must remain constantly under the vigilant eye of the doctor till he recovers completely or is given up as a hopeless case.

Classification figures for the last four years are summed up in the following two tables:—

Class	1936-37	1937-38	1938-39	1939-40
A ..	351	383	384	410
B ..	2,178	2,347	2,434	2,523
C (1) & (2) ..	11,048	10,827	10,551	10,118
D ..	2,717	2,918	3,178	3,440
Unclassified ..	688	552	548	733
	16,982	17,027	17,095	17,224

Year	Class A & B Percentage	Class C Percentage	Class D Percentage
1936-37 ..	15	68	17
1937-38 ..	16	66	18
1938-39 ..	17	64	18
1939-40 ..	18	61	21

These percentages reveal that societies which received a bad start and remained ill-supervised cannot afterwards be saved by any amount of efforts while others which were organised on sound lines but had to bear the brunt of the economic depression are now recovering gradually.

In the end a brief reference to the societies which are running at a loss may not be out of place as it touches the question of the solvency of the movement. At the end of the year 1939-40, the number of societies which had shown loss on the year's working was as high as 7,363. Although the solvency of the agricultural credit movement is not disputed, yet such a big number of societies in deficit is liable to give rise to misapprehensions. These societies form about 40 per cent of the total number of societies but half of these are D class societies, a very big majority of which has postponed the recovery of interest from their members till the whole of principal has been repaid by them. At the conclusion of the recovery of the principal, much of this interest might be recovered to offset the loss borne in the past. The remainder have shown loss due to a variety of reasons, the most predominant among them being the newly introduced procedure of throwing away the amount of interest outstanding against debtors from whom any amount of interest, no matter however small, has become overdue for more than a year, into the suspense interest account. In reality, the interest thus credited to the suspense account is a part of the profits of

the society but as its recovery is regarded doubtful, it is not allowed to swell the profits of the society unless it is actually recovered. But it does not mean that the interest thus shown in the suspense is in any-way irrecoverable. In fact only a part of this interest falls to the latter category and this conclusion is borne out by actual recoveries made during the last year. Keeping in view the above reasoning, the number of societies showing genuine loss may safely be estimated to form about 15 per cent of the total number of societies and this in no way reflects seriously on the solvency of the movement as a whole.

B. CENTRAL BANKS

There were 49 central banks and 68 banking unions on 31st July 1940 with a membership of 3,834 individuals and 20,515 societies. The working capital of the institutions amounted to Rs. 5.45 crores of which a sum of Rs. 1.14 crores formed the owned capital which consists of the share capital, reserve fund and other owned funds. This accumulation of a fairly high proportion of reserves enabled the banks to bear the brunt of the losses incurred as a result of the defaults of societies and the huge piling up of overdues consequent on the economic depression and adverse seasonal conditions resulting in failure of crops. However in recent years the owned capital has shown a tendency to increase substantially.

The fixed deposits from members amounted to a little more than Rs. 60 lakhs while that from non-members and local bodies stood at Rs. 296 and 48 lakhs respectively. The number of accounts in the savings bank section has also increased and deposits under this head amounted to Rs. 92.8 lakhs. In spite of the adverse conditions the banks, except in the South-east Punjab, experience no difficulty in attracting deposits. The rates of interest on fixed deposits varied from 1½ to 4 per cent and that on savings deposits from 1¼ to 2 per cent.

The total amount of loans outstanding against member societies was Rs. 3.72 crores and the percentage of recoveries of principal varied from 17 to 18. The recoveries were poor only in the south eastern Punjab. The lending rates of interest varied from 3½ to 8 per cent. Except the banks and unions in Gurgaon, Hissar and Rohtak districts, the standard fixed by the department in respect of fluid resources has been maintained. The Provincial Bank made good the deficiency in the fluid resources in the case of a few banks but later this policy was given up as unsound and the standard was asked to be maintained strictly, in areas where the conditions were abnormal. As per the standard fixed by the department, the fluid resources should have amounted to Rs. 1.37 crores whereas actually the institutions maintained only Rs. 1.14 crores.

The central banks have been attempting, by various schemes of concession, to assist the primary societies in the recovery of their dues and rehabilitate their position. Grants are obtained by the banks from the Special Development Fund for conciliation of debts. The

system of repayments in grains has been successfully introduced in Central Punjab and Western Punjab. Besides they have also undertaken to help non-credit activities such as consolidation of holdings and have for this purpose opened a special fund to which they contribute a portion of the profits to meet the extra cost on such schemes.

C. PROVINCIAL CO-OPERATIVE BANK

The Punjab Provincial Co-operative Bank was registered on December, 16, 1924 at Lahore as a balancing institution for the activities of co-operative central banks and banking unions. The whole system forms a federation with primary societies at the bottom and the Provincial Bank at the apex. No individual is eligible to hold a share.

The authorised capital has not been fixed but an unlimited number of shares of Rs. 100 each can be subscribed for. The issued and subscribed capital amounted to Rs. 13,20,900. The total paid up capital as on 31st August 1941 was Rs. 11,47,500. The Bank had a membership of 12,100—primary societies 11,926, secondary societies 131, other societies (non-credit) 43.

For the first three years, the Bank itself continued to arrange and control inter-central bank dealings, a function performed by the Registrar before the formation of the Bank. The system led to various complications and was eventually abolished in February, 1928. This made the bank a real balancing centre. Another important stage in the development of the Bank was reached in 1931 when the strength of the Bank was tested in the banking crisis of 1931 as a sequence to the failure of the second Peoples' Bank in the Punjab.

The Bank floated a debenture loan of Rs. 5 lakhs with guarantee of interest at 6 per cent by the Local Government in 1926, giving a floating charge over its assets in favour of the debenture-holders. The proceeds were utilized to finance the land mortgage banks. Redemption of the whole issue was effected on 1st February, 1937.

As a matter of policy, the Bank does not deal with primary societies at all. Its main activities at present are confined to taking over, without limit, surplus funds of central banks on current and fixed deposit accounts at a reasonable rate of interest. The pooled funds are then advanced to the other central banks in the shape of loans, overdrafts and cash credits or are invested in trustee securities from time to time.

It serves as the clearing house for cheques, drafts, and bills of the affiliated central banks and buys and sells Government securities for them, besides supplying technical information on all questions of banking law and practice.

Balance Sheet for the year ending 31st August, 1941

<i>Liabilities</i>		<i>Assets</i>	
	Rs.		Rs.
Capital	11,47,000	Cash	46,000
Funds	19,68,000	Investments	64,80,000
Deposits	1,09,95,000	Advances	79,41,000
Loans from Bankers	2,92,000		
Profit for the year	26,000		

Progress Statement

Year ending August	Paid up capital	Number of shareholders (all societies)	Reserves	Deposits of all kinds including debentures	Investments	Profits	Ratio of capital and reserves to deposits Percentage.	Ratio of invest- ments to deposits
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(In lakhs of rupees)

1925	2.30	4860	Nil	1.92	1.65	.10	119	85½
1927	6.30	9761	.31	29.99	20.34	.14	20	85
1929	10.30	12615	1.01	64.11	39.23	Nil	17	61
1931	11.18	13090	1.08	95.73	32.79	Nil	12½	35
1933	11.27	13057	1.18	162.20	126.94	.89	8	78
1935	11.31	13011	6.55	120.61	95.74	3.11	14.8	79
1937	11.42	12575	12.02	126.52	96.70	.32*	18	77
1939	11.44	12359	14.56	124.22	91.97	.38*	21	74
1940	11.45	12204	16.99	117.36	76.54	.44*	24½	65
1941	11.47	12100	19.68	109.91	64.80	.26*	28.3	59

D. LAND MORTGAGE BANKS

The Punjab is perhaps the first province in India to start land mortgage banks. The famous land mortgage bank of Jhang was started in 1920 and by 1929 a dozen land mortgage banks were established. Since

*Interest amounting to nearly Rs. 70,000 is taken to Interest Received and Reserved Account which would otherwise have gone to Profits,

1929 registration of new land mortgage banks has been practically stopped and since 1930 there have been few new transactions in the banks. On 31st July 1941 there were only 10 land mortgage banks with a membership of 3,824 individuals and 185 societies. Moreover all the banks, except those at Gujranwala and Bhalwal, are reported to be under different stages of liquidation. The working capital of all the banks amounted to Rs. 12·68 lakhs of which a sum of Rs. 10·83 lakhs accounted for the borrowings from the Provincial Bank which is the chief financing agency for the banks. The loans advanced to members amounted to Rs. 10·11 lakhs of which a sum of Rs. 5·31 lakhs was overdue. Mr. Wace has, in his report, dealt in detail with mortgage banking and the Government has also taken up the question for consideration. The main obstacle to the working of the land mortgage banks and their development in the Punjab is said to be the operation of the Land Alienation Act in force in the province. Though the Punjab is a land of peasant proprietors the land in the hands of the agriculturists is not a bankable asset. As the Indian Central Banking Enquiry Committee put it, "the double object of preventing the free mortgage and sale of agricultural land and the provision of credit for the economic benefit of the agriculturists through the co-operative land mortgage banks cannot be easily achieved."

E. URBAN CREDIT SOCIETIES

In 1933 attention was first drawn to the recommendations of the Banking Enquiry Committee with regard to the organisation of urban societies. Before 1930 only 17 urban credit societies worth the name served the town population and it was roughly estimated that less than 9 per cent of the population could be brought in direct contact with the movement.

But as a matter of fact real effort for the expansion of the movement began at the very end of the year 1934. Since then the movement has made steady progress in towns and the Province claimed to have 739 credit societies with a membership of 49,644 and a working capital of Rs. 122 lakhs at the end of the year 1938. In the next year the number of societies increased to 740, number of members to 50,632 and working capital to Rs. 123 lakhs.

With a view to enable the staff to pick up the knowledge of urban movement, inspectors were once sent over to Bombay where they spent about a month and visited urban societies. Later on the staff consolidated the special features of the Bombay movement and considered their application to the Punjab conditions. The by-laws of an urban credit society were drafted according to the Punjab conditions and were approved by the Registrar. These societies in the Punjab have mostly been organised on geographical basis, though here and there institutions are started on communal basis also.

Most of the new societies are on the urban bank model and members liberally and punctually contribute to the purchase of minimum number of shares, which is commonly fixed at 10 of the value of Rs. 100,

This step has proved to be a sound measure for raising sufficient owned funds in town societies. Since a member cannot borrow in excess of 8 times his paid up share capital against personal security, accumulation of owned funds speeds up briskly than otherwise.

The urban societies have tried several methods of savings by their members, through chit system, mutual death benefit schemes, savings boxes and compulsory deposits. The last named procedure has commended itself to the urban population and the societies have done a wonderful service to their members by attracting compulsory deposits in large amounts. There has been no difficulty in obtaining accommodation from central banks. Societies have also been able to attract deposits at low rates of interest.

Liability in Punjab societies is limited to 4 to 8 times the subscribed share capital generally. Each member is required to file a declaration of his assets and liabilities at the time of his admission and this statement must be verified by a member of the Committee before the society agrees to grant full privilege of membership to the applicant.

Loans are advanced commonly against personal and mortgage security, but personal security is insisted upon even if mortgage security is accepted. The Registrar has empowered Assistant Registrars to register by-laws with proposals for a limit of Rs. 500 in case of personal and Rs. 2,000 in case of mortgage security. The limit of Rs. 2,000 may, however, be enhanced to Rs. 4,000 at the discretion of the Assistant Registrar subject to certain conditions of owned funds etc. In addition to this, it is specially laid down that all loans against personal security must be limited to 8 times the paid up share capital in each case. Societies cannot invest more than 50 per cent of their working capital in loans against mortgage security. During the year 1937-38 these societies transacted loan business to the extent of Rs. 57.14 lakhs. Next year the business amounted to Rs. 71.46 lakhs.

Mortgage security generally presupposes mortgage of immovable property (preferably and commonly house property). Special arrangements are made by societies for obtaining valuation and verification reports from one of the members of the Committee before a loan is actually advanced. These enquiries are repeated from year to year till the loan is paid up. Some of the important urban societies accept the security of mercantile goods, ornaments, gold etc. The Registrar has approved the rules of business in this respect, but this kind of security can only be accepted with the express permission of the Deputy Registrar. The system is having a fairly successful trial. The Registrar has also approved the rules of business for cash credit accommodation and selected members of several societies have been granted this accommodation both against personal and mortgage securities. A permanent mortgage deed has been drafted in consultation with leading lawyers and it has since been enforced in cases where mortgage securities have been furnished. This system is working well as it alone can best suit the needs of the trading classes of the towns.

Dividends are regularly declared by these societies, the maximum rate being 10 per cent or $2\frac{1}{2}$ per cent above the maximum rate allowed on deposits whichever be less. This restriction places a check for unusually high demands for dividend and help in raising owned funds in urban societies. Recoveries are made by monthly instalments. All loans must be advanced for a maximum period of 24 months. Mistbendis are prepared monthly by the managing committees. The percentage of recoveries in these societies was 77.9 in 1938 and 82.8 in 1939.

Along with the work of organization of new societies in the towns, it has been the object to reorganise the existing societies. Efforts have been made to bring the older societies in conformity with the new principles and to develop in them the elements which are specially suitable for urban classes. The members being accustomed to the old system were naturally slow in taking new ideas and forming new ideals, but remarkable success has been achieved everywhere in this behalf. Every year several of these societies are mentioned in provincial reports to have adopted urban by-laws.

In the case of office societies organized among salary earners owned funds are considerable and business is brisk. This is chiefly due to the pay-in-slip system for recoveries. Each month instalments are recovered by deductions from salaries on the strength of the authorisations filed by members in favour of societies. The urban credit movement is making satisfactory progress.

Progress of Urban Credit Societies

Year. Number of	Societies.	Number of Members.	Working capital in lakhs of Rupees.	Loans advanced to individuals	Percentage of Recoveries.
				Rs.	
1936-37	710	48,715	122	57,77,000	77.3
1937-38	739	49,644	121	57,14,000	77.9
1938-39	740	50,632	123	66,38,391	82.8

(Corresponding figures for rural societies)

1936-37	18,846	..	840	86,82,000	16.03
1937-38	19,057	..	826	1,06,85,000	17.0
1938-39	19,041	..	723	1,11,50,000	16.0

CONSUMERS' STORES

The object of consumers' stores is to eliminate middlemen and supply pure and unadulterated stuff to the members. There are only a few stores in the Punjab and it is a strange coincidence that all the stores which are working well are organised and controlled by the Madrasees.

Madrasi Stores, Simla has a membership of 168. The turnover is Rs. 88,419. The stores declared a dividend of 6 per cent during 1938-39 and a rebate of 3¼ pies per rupee.

Banga Lakshmi Stores, Lahore has a membership of 115. Its turnover amounts to Rs. 52,281. They purchased goods valued at Rs. 24,625 and sold goods worth Rs. 27,358 during the year 1938-39. Their rate of dividend was 6 per cent and rebate 3 pies per rupee.

Dhariwal Co-operative Society is situated in the Dhariwal Mills area and combines the work of credit and stores. There are 1,473 members. The stores branch purchased goods worth Rs. 2,85,000 and sold goods valued at Rs. 3,25,000. The rate of dividend was 10 per cent and rebate was given at 23 per cent during the year 1938-39.

There is one store in the Agricultural College, Lyallpur with a membership of 525; its owned capital formed 97 per cent of the working capital; purchases and sales during 1938-39 were valued at Rs. 12,514 and Rs. 12,653 respectively. The society is building its own house now.

The Stores of the Haily College of Commerce is also working successfully. The membership during 1938-39 was 145. The goods purchased were valued at Rs. 3,043 and sales amounted to Rs. 3,593. The dividend rate was 6 per cent and rebate was two annas in the rupee.

These stores supply all sorts of necessities and the stores in Colleges also supply stationery and books. The goods are sold at the market price and the profit is divided as dividend on shares and rebate on cash sales to the members. The stores also sell to non-members but they are not entitled to any dividend or rebate. The stores allow credit sales to members upto a certain limit which ordinarily equals one's share amount.

PURCHASE AND SALE SOCIETIES

INDUSTRIAL SOCIETIES

The year 1941 records the number of primary co-operative industrial societies at 356, with a membership of 5,728. Weavers have got 207 societies, shoe-makers 63, carpenters 31, smiths 19, oilmen 9, and the others 27 which included societies for beekeepers, soap-makers, hosiery-makers, dairy workers, printers, tailors, uniform makers, bookbinders, reed chair makers, potters, tat string matting makers, glue manufacturers, dyers, etc. The term weavers includes drapery, durrees, blankets and nawar makers. Their societies number

207 with a membership of 3,368 and are scattered all over the province mainly clustered around the principal market towns. The working capital of all primary co-operative industrial societies worked out to Rs. 8,28,414, of which Rs. 1,50,013 was owned. The value of raw materials purchased by the societies for their constituents amounted to Rs. 8,52,856 in 1940 and Rs. 5,05,986 in 1941 and finished goods of the members of the value of Rs. 8,10,221 and Rs. 4,98,102 respectively were disposed of. The turnover aggregated to Rs. 17,23,077 in 1940 and Rs. 10,04,088 in 1941. There is one industrial Co-operative Bank and 4 Industrial Unions.

The objects of these societies are to promote the economic interests of the members and particularly to: 1. arrange for necessary capital, 2. arrange for purchase of raw-materials, implements and sale of finished goods of members, 3. arrange for the education of members and 4. adopt such schemes as may inculcate among the members the spirit of self-help and mutual-help.

The area of operation is generally one mohallah or one village. Mutual knowledge of the members is kept in view. Liability is unlimited and the members are severally and jointly liable for out-side loans or deposits.

The funds of the societies are comprised of: 1. an un-determined number of shares, the value of a share ranging between Rs. 5 to Rs. 120, payable either on admission or in instalments, 2. members' deposits, which are either compulsory deposits, from annas four to rupee one per month or ordinary current deposits, 3. loans from central institutions or deposits of individuals and 4. earned profits.

All the societies are affiliated to the Co-operative Industrial Bank, Amritsar, whose area of operation is the entire Province. The value of a share of this Bank is Rs. 100, payable in five yearly equal instalments. Each society has a fixed maximum credit limit with the Bank. This limit is based on the total maximum credit limit of the members in the society. It will not perhaps be out of place to mention here that in determining the maximum credit limit of a member, his industrial needs are taken into account as a basis. In other words his requirements for one unit of work is taken and on that data his two or three months' needs are calculated. The idea is to keep him busy, even if his first unit of finished goods is not sold readily.

The societies borrow from the Bank and purchase raw-materials as per the indents of the workers. Since purchase is collective, it is cheaper. The workers are advanced raw-materials as loans in kind at market rates. When the goods are ready, the workers are at liberty to sell in the market. Sometimes the societies collect goods from the workers and then arrange for their sale. When the sale proceeds are received by the workers themselves, they repay the loans with interest and the societies repay the Bank. In case the societies arrange for sale, the sale proceeds are credited to the loan accounts of the members and then the Bank is repaid.

The societies help their members in the sale of finished goods in the following ways:—

1. By securing orders: In this case the societies purchase raw-materials and members work as wage-earners. The finished goods are supplied to the indenter and sale proceeds are paid into the Bank. This system is adopted whenever there is a contract and sales are assured.
2. By arranging shows and exhibitions at various places during the course of a year and despatching the workers' goods for show and sale.
3. By opening sale-depots and show-rooms at important places, such as, Lahore, Simla, Delhi, Jullundur, Amritsar and Gujrat, etc. Goods are sent there on "goods-in-deposit" system and when sold, the amount is credited in the Bank to the account of the societies concerned.
4. By canvassing orders for different articles from local bodies, Government departments and individuals. Canvassers are also appointed for the purpose.
5. By getting their names on the list of approved contractors of some of the Government departments. Tenders are given and orders are secured for the workers.

The societies deal with the Bank on cash credit basis and so do the members in the case of societies. In societies two permanent sureties are taken for the maximum credit limit of the members. Promissory-notes are not in use. Loans are given for industrial requirements only and they must be repaid on the sale of finished goods. If for any reason the loans could not be paid on the sale of finished goods, easy monthly instalments calculated on the members' net income are fixed. Days of grace, according to the custom prevalent in the market, are also allowed in the by-laws. No interest is charged for these days.

The societies have secured and are executing big orders for barrack blankets. During the course of this year they have successfully executed two orders for 23,000 blankets. A further order for 30,000 blankets is being executed. Besides this bed-durries *patties* are also being supplied. The members are given training in improved methods of work. They are taught to prepare better designs and improved implements and labour-saving appliances are introduced. The number of societies at the close of the co-operative year ending with 31st July, 1941 was 356.

Marketing of the products of the industrial societies is the most intricate of all the problems connected with the successful running of these societies. It has naturally become all the more serious since the commencement of the general depression in 1927-28. It has persisted with vagrant intensity and its effect has been greatly accentuated by the prevailing war conditions. Efforts of the societies are generally directed towards the improvement of those lines which have either no inland or foreign competition of a serious nature. Keeping this in view the societies advise their members to manufacture such goods which can find an easy market. With the growth in the number of industrial societies and experience of their sphere of activities the problem of marketing has become all the more complicated. In this

respect the weavers are evidently at a greater disadvantage. It was found necessary to organise the sale of their goods on sound and commercial lines. A great variety of goods produced by the societies remain unsold not so much due to competition as to the ignorance of the real markets and the tastes of the consumers. There is not the least doubt that there exists a demand amongst the Europeans as well as the Indians for the goods which the cottage workers ordinarily produce but it has to be concentrated, analysed and satisfied by a process of advertisement and experiment.

With a view to popularise the goods turned out by our societies incessant propaganda has to be carried out by means of advertisement through the press and the platform. For the successful sale of their finished goods it is absolutely essential to set up sales depots at different centres of the province, and already we have succeeded in doing a good deal of business through such houses. Apart from them the societies also sell their products in their local areas.

At the present moment there are three sales depots, functioning one each in Lahore, Simla, and New Delhi. In addition we have set up show and sales rooms in Amritsar, Gujrat, Hoshiarpur, Jullundur, Karnal, Khushab, Kalabagh and Ludhiana.

These central organisations are so far successfully tackling the problem of sale and supply. There we retain for show and sale a large collection of finished goods sent by the societies on the so called deposit system. A large number of customers, Europeans and Indians, are thus attracted successfully. The setting up of such houses in different localities managed by salesmen on monthly salary and some percentage of commission has brought the problem of marketing nearer solution than before. Besides attending to their shop-business they are also trying to secure orders and continue to maintain their reputation by securing business in spite of the disturbed market. They have incidentally proved to be a source of information for improving the art in general and designs and texture in particular. The salesmen working in the sales depots and the sales rooms, the canvassers and members of the field staff keep samples of the goods that the societies ordinarily manufacture and explain the terms on which the societies would be prepared to supply orders placed with them. They correspond with various Government departments, including Railways in India, and adopt suitable measures to advertise goods of the societies. Thus they secure and book orders from different sources such as Indian Stores Department, Provincial Stores Department, the Girl Guides Association, local bodies, schools and colleges, Indian States and individuals. So often contracts are secured in competition with the existing contractors. The Co-operative Department of the Punjab places all its orders for the supply of office and camp equipment as and when required. New avenues for sales are being explored. Much of the difficulties in regard to designing and dyeing are being overcome since the appointment of a wholtime designer.

The societies participate in the various horse and cattle fairs organised by the local bodies. Full advantage is taken of the various activities of the departments responsible for the rural uplift of the province. Besides they partake in exhibitions arranged in and out of the province. Such shows are held usually from October to March every year. The total sales of their wares at the 1937-38 All-India Exhibition of Arts and Industries, Punjab, Lahore were Rs. 14,500. This is in the face of low price and the growing import of cheap mill and factory-made goods. Orders for the supply of goods were received from far off places outside the province and were supplied to the entire satisfaction of the customers. So far as mosquito net business is concerned the societies have reached every district of the Punjab. Goods have been booked to almost all the provinces in India including the Indian States and a few countries bordering the Indian Empire.

The Punjab artisans are able to produce goods within the purchasing capacity of even the poorest. As the quality of the goods is satisfactory, confidence has been created and business is steadily expanding. Another welcome feature is the steady decrease in the indebtedness from year to year of the members to the societies and of the societies to the Industrial Bank of Amritsar. It has declined by more than Rs. two lakhs in the last decade.

CO-OPERATIVE MARKETING

The agriculturists in India suffer from many disabilities. One of these is the lack of proper marketing facilities for their produce. The weights and scales used in the markets are often false. According to inquiries conducted in the Punjab 69 per cent of the scales and 42 per cent of the weights tested were found to be incorrect. Reliable estimates show that the producers get only 9½ annas out of a rupee paid by the consumers for wheat and rice. The marketing schemes evolved in India and elsewhere always require an organised marketing nucleus to start with and most countries have found this in co-operative bodies and unions.

It was estimated some years ago that the annual production of wheat in the Punjab was about 10 crore maunds, which at the rate of Rs. 4 per maund can be valued at Rs. 40 crores. Even if one half of the produce passes through the commission agents, the total charges which the producers have to pay for the very little services or no services rendered at all works at about nine annas per Rs. 100 which amounts to Rs. 11¼ lakhs for this one commodity alone. This evil may be remedied to a great extent by the formation of co-operative sale societies.

It was to eliminate or mitigate these evils that the Punjab Agricultural Produce Markets Act 1939 was passed, following similar legislation in Bombay, Central Provinces, Madras and Hyderabad. This Act opens up new opportunities for the development of co-operative marketing.

Co-operative Commission Shops.—The Punjab has a nucleus of co-operative marketing in the co-operative commission shops, whose aim is to promote the economic interests of their members and more parti-

cularly to arrange for: (1) the purchase and sale on commission of seed, agricultural implements and other requirements of members, (2) the provision of educational facilities to the members, (3) the use of pure and improved varieties of seed by members, and (4) other measures designed to encourage in the members the spirit and practice of thrift, mutual help and self-help.

The members consist of individuals or co-operative societies. Every member must be either: (1) an owner or cultivator of land, mortgagee or lease-holder; provided that no more than three persons who do not hold any land and are not dependent on agriculture may be elected at a general meeting for the purpose of assisting the management, or (2) a registered co-operative society within the area of the operation of the shop. Membership may be compulsorily terminated if a member fails to sell his produce through the society for two years.

According to the rules of business all the transactions by the commission shops are to be strictly on cash terms, subject to the practice of the local market which allows two days grace for payment from the date of weighment. No credit is allowed, except to a Government servant purchasing on behalf of Government. The sale is ordinarily effected by private agreement, but if the owner or owners so desire it is effected in public auction.

Every member delivering his produce for sale may be given at the discretion of the Manager, an advance not exceeding 75 per cent of the estimated market value of such produce; the balance of the account is cleared on the sale of the produce. Interest at 12½ per cent was generally charged on such advances. This has been reduced to 9½ per cent in most cases. *Arifwala* has reduced it to 6¼ per cent. This is a great boon to the members.

The first co-operative commission shop in the Punjab was started in 1919. There are now 20 shops in the Province distributed chiefly in the canal colony areas and confined to the large mandis. The following statement shows their progress in the last 11 years:—

Year.	Number of Shops.	Produce sold in Maunds.	Produce sold (Value in lakhs.)
			Rs.
1930	24	10,07,284	41
1931	25	12,14,221	30
1932	25	8,94,995	24
1933	23	5,45,625	18.61
1934	22	6,95,497	18.96
1935	22	7,00,833	22.57
1936	21	7,09,694	26.11
1937	21	5,76,632	23.49
1938	20	6,50,409	19.05
1939	20	8,25,630	26.65
1940	20	8,17,955	33.59

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flour mills within two miles of the market. There are seven exporting firms operating in this market, five of them having their head-quarters at Karachi and two at Bombay. The predominating firm is of Rally Brothers who work almost throughout the year; others work at season time only. The main commodities sold in the market are wheat, cotton gram, sugar, ghee, chillies, rape, oil seed, pulses etc. As a matter of fact, practically every agricultural produce grown by the farmer is sold here and so the work of marketing continues throughout the year. The value of cotton sold in one year was about Rs. 44 lakhs and wheat Rs. 13 lakhs. The value of all the products sold in this market in a year amounts to about Rs. 65 lakhs.

There is no regular organisation in the market for controlling its activities. An economic investigator discovered that 33 per cent of the weights and scales used in the market and 70 per cent in the surrounding villages were false. There is no body in the market who makes any effort to prevent adulteration or dumping. No organised effort is made in the market to get produce of superior quality. As a matter of fact the produce of lower and higher grades is generally sold together. The producers hardly stay in the market till their produce is sold, the main reason being that most of the producers are indebted to the commission agents, and have an open account with them throughout the year. The agent after sales credits the amount in their produce accounts or in their loan accounts.

In Chichawatni Co-operative Commission Shop about 60 per cent of the farmers stay till the disposal of their produce, for they are sure of the immediate payment of the price of the produce sold. The sales in the market are conducted secretly (under cover of cloth) between agents of the sellers and buyers. There is no organisation in the market which helps the sellers in obtaining payment of price from a buyer who defaults. There is no association which arranges for the supply of information regarding rates of commodities. The Chichawatni Co-operative Commission Shop has not made any successful effects in the market as the produce handled by it is very small and the recent embezzlement by the Manager of the shop has destroyed its good name.

The list of charges per Rs. 100 for ready sales of all kinds of grain produce made by commission agents for sellers of produce is given below:—

	Co-operative shop	Other shops	Difference
	Rs.	Rs.	Rs.
Commission	0 12 0		
Weighment	0 3 9		
	<u>0 15 9</u>	1 9 0	0 9 3
Unloading of Carts	0 1 0	0 1 0	nil
Cleaning	0 1 6	0 1 6	nil
Dharmau (a charge in cash for religious pur- poses)	nil	0 1 6	0 1 6
Ganesh (a charge for giving alms)	nil	0 1 0	0 1 0
Gowshala (a charge for refuge home for cattle)	0 0 3	0 0 3	nil
Charity	0 0 3	0 0 3	nil
Chungi (Payment in kind to labourers)	0 8 0	1 0 0	0 8 0
Total	<u>1 10 9</u>	<u>2 14 6</u>	<u>1 3 9</u>

Charges for ready sales of cotton, oil, ghee, wool etc.

	Co-operative shops	Other shops	Difference
	Rs.	Rs.	Rs.
Commission	.. 0 12 0		
Weighment	.. 0 3 9		
	<u>0 15 9</u>	1 9 0	0 9 3
Dharmau (a charge in cash for religious purposes)	.. nil	0 1 6	0 1 6
Gowshala (a charge for refuge home for cattle)	.. 0 0 3	0 0 3	nil
Charity	.. 0 0 3	0 0 3	nil
Ganesh (a charge for giving alms)	.. nil	0 1 0	0 1 0
Chungi (Payment in kind to labourers)	.. 0 6 3	0 14 3	0 8 0
Total	<u>1 6 6</u>	<u>2 10 3</u>	<u>1 3 9</u>

Note.—Charges in kind have been shown in terms of cash.

This list brings out the fact that a seller bringing his produce to the market for sale in case of ready sale has to pay Rs. 1-10-9 for grain produce if his produce is sold through a commission shop and Rs. 1-6-6 for cotton, oil, ghee and wool for sales amounting to Rs. 100. But if he sells through ordinary shops in the market, he has to pay Rs. 2-14-6 for grain and Rs. 2-10-3 for cotton, ghee, oil etc. Thus under the present circumstances sales through the co-operative commission shops (excluding fraudulent weighment and cheating as practised by other shops) will save the producer Rs. 1-3-9 for sales of produce worth Rs. 100. If the saving in this respect is calculated on the total export from Chichawatni Railway Station for 12 months, the figures will swell to about Rs. 76,000 for the Chichawatni market only. If the other markets of the district are taken into consideration, the savings will increase to Rs. 3¼ lakhs. The total land revenue of Montgomery district being about Rs. 37 lakhs, this saving will represent about 10 per cent of the total land revenue, which is not an insignificant figure.

The Okara Zamindars' Co-operative Society.—The Okara Zamindars' Co-operative Society which was registered on 21st October, 1918 has among its objects the sale in common of members' produce to the best advantage and the purchase in common of all agricultural and household requirements of members.

It is compulsory for every member to sell his agricultural produce (excluding live-stock) through the society. He has to notify the society in advance in the prescribed form of the produce he desires to sell.

In case any member sells his produce otherwise than through the society, the Managing Committee may levy a penalty equivalent to four times the prescribed commission on such transactions, provided that a member may sell in retail direct to his tenants and employees for their own use. Every member shall be directly responsible to the purchaser for the correctness of weighments, counts and qualities.

Every member purchasing goods from the society shall pay cash. If incapable, credit may be given but in no case is the credit given to exceed the amount of his share. A member is permitted to draw an advance upto a maximum of 75 per cent of the value of his produce which may be allowed by brokers and selling agents, pending sale of the produce subject to the payment of interest as may be required by the brokers and selling agents.

All transactions of the society shall be limited to the purchase and sale of goods on account of members; provided that whenever it may be necessary to secure more goods in order to obtain advantage in price or rates the Society may purchase the balance required from or sell the balance over to non-members; provided further that the Society may sell pure seed or agricultural implements to non-members; under no circumstances shall any speculation be carried on by or through the Society. The profits of the society are indivisible.

The society sold produce worth Rs. 12,64,621 in 1940 as compared with Rs. 11,08,594 in 1939. The society has decided to provide improved seed in large quantities if required anywhere. The members of this

society, as already stated, are big land-owners. It handles the produce on a large scale and appraises its members of the market rates every day and also makes purchase on behalf of its members. It distributed dividend at 3 per cent in 1940.

The members of the Okara Co-operative Sale Society have so much improved the quality of their produce through better and modern methods of cultivation that this Society can sell its members' produce by sample and always get a premium on it as its produce has become reputed for its superior quality. This society is rendering useful services to the members. What this Society has been able to achieve, other co-operative shops can accomplish gradually.

Marketing of Ghee, Eggs and Dates.—During 1938 a new sales organisation for the marketing of dates was registered at Muzaffargarh, known as the Date Co-operative Marketing Organisation. Twenty-six producers form the membership of this Association and have started the work of packing and grading local dates and are investigating the problem of marketing to the best advantage. In 1939 only 4 members sent 4 maunds 10 seers of dates. 2 maunds and 36 seers worth Rs. 38 were sold.

There is an Egg Grading Association at Rawalpindi. It has 25 members. 89,247 eggs were sold for Rs. 2,352. The Frontier Co-operative Eggs Marketing Society has shown that the handling of eggs on co-operative basis can be made successful. A ghee society was started in 1938 at Lala Musa with 55 members. In 1939 it sold 60 maunds 20 seers of ghee for Rs. 2,226. The supply of pure and unadulterated ghee is a difficult problem in big and small cities. A beginning has been made in the Punjab and a Ghee Supply Society has been organised. If this line is developed, it will meet a very genuine need of the people.

Benefits of the Co-operative Commission Shops.—The benefits derived by members are not easily estimated in cash, but are very considerable. The advantages to the member are that he is not cheated over the weight, there is no higgling over the price, he suffers less deduction for commission than in the open market, he receives immediate payment or, if he wishes to do so, he can hold up the sale of his grain in the hope of a better price, and finally he has the chance of a rebate on sales if the shop makes a profit. Working in close touch with the village society, these shops strive to break down the evil system of credit on which the local dealer and village trader are mainly dependent for their business. A very valuable service of these shops is the provision of accurate, uniform weights and scales.

As a result of these shops, a change is noticeable, and that is the tendency of the colonist to dispense with the local grain dealer and to take his grain to market himself. The Agricultural Department had much to do with this. For years it held a series of auctions to eliminate the middlemen and secure to the cultivator a fair price for his cotton. In response to the demand created by a large exportable surplus a number of market towns have sprung up, where world prices are daily

received by wire and wheat and cotton are sold to the exporter direct. Already the small-holder has begun to grasp the importance of improving his implements, seed and crop and to consider all the three in term of profit instead of subsistence.

The co-operative commission shops act like ordinary commission agents, selling and to some extent storing their clients' produce, and occasionally buying for them. They do this for each client individually, never collectively, and this is one of their weaknesses. Unless hard pressed, the peasant is too much of an individualist to pool his produce, and peasant produce which is not pooled cannot be graded; the quantities brought in are too small and the qualities too mixed and without grading and bulk, marketing for export is out of the question.

Difficulties.—Commission shops have to encounter many difficulties. The small farmer is lacking both in education and self-reliance to help himself by co-operative selling.

One of the main difficulties of these commission shops is the disloyalty of their members. Most members are lukewarm in their support of these shops and many do not use them at all for the sale of their produce. Out of 3,189 individual members, 1,929 did not sell anything through these shops in 1939. In 1940, 874 out of 1,201 members in Lyallpur district did not bring their produce to the shops. The other difficulties may be summarised: (1) Small farmers, who have only a little to sell, do not come to the market. (2) The indebted members do not come to the shop because they are afraid of the values being set off against their previous loans. (3) Those members, who are indebted to the brokers are obliged to sell through them. The local brokers allow advances more liberally than commission shops and therefore they attract more business than these shops. (4) In Shahpur Colony, some members have leased their original homes. (5) There are also instances where means of communication and methods of transport stand in the way of members from bringing their produce to the shops. (6) Frequent embezzlements in some of the shops have shattered their credit and therefore members by experience have learnt not to take risks by dealing with the shops. (7) There is discontent in some places for failure to declare dividend or give rebate. (8) Some of the shops handicapped themselves by investing large sums in sites and buildings for godowns, etc., which have proved a dead loss. (9) Communal dissensions ruin the progress of the shops. At Jaranwala the communal bickerings of the directors brought the shop to the verge of ruin. (10) There are several members who have started their private shops and therefore do not come to the Shop. (11) The dismissed employees of the shops having started their own shops in some cases are making false propaganda against the shops. (12) The agents of the commercial firms make purchases in the villages and thus members dispose off their produce locally. (13) Ignorance and illiteracy, more than all, the lack of co-operative spirit among members are other impediments to the progress. Many still have a strong liking for the methods of the commission agent, who will cheat them in measurements and accounts but accommodate them with loans.

The question of the improvement of commission shops was considered in a Conference of the Managers and Inspectors in 1928 and many useful suggestions were made by them. It was decided that the staff of the shops should be recruited from experienced businessmen and should be given theoretical and practical training of at least a year and a half before appointment and the service should be made more attractive by the introduction of provident fund and better pay. It was considered advisable to request the Agricultural Department to depute an expert for help in grading the produce of members when necessary. To prevent the disloyalty of members, it was resolved that the maximum credit limit of credit societies whose members fail to sell their produce through a shop should be reduced. A society should be declared a defaulter if it fails to sell half of the produce prescribed by the committee of a shop.

To overcome the difficulty of members travelling to take their produce to the shops it was suggested that the shops should send their own means of transport to bring the produce from the village. It was considered whether it was possible to have direct sales with the mill-owners. The decision arrived at was that there was no use in compromising with the mill-owners and that efforts should be made to take on lease a ginning factory. Another useful proposal to check embezzlements in the shops was that the Managers should inform their chief directors of debts that remain unpaid for 15 days. If these practical suggestions had been observed in the working of the shops, their story may have been different to-day.

The real problem is how to increase business in the existing shops in spite of indebtedness. This can be tackled in four ways:

- (1) by examining the possibilities of *pakka ahrat*: i.e., selling direct to regiments, jails and other large consumers and exporters,
- (2) by doing propaganda for more members,
- (3) by removing the causes of the disloyalty of members, and
- (4) by enquiring carefully into the possibilities of establishing godowns and out-agencies.

Systematic efforts with perseverance and patience is absolutely necessary.

Conditions of Success.—The following may be mentioned:—

(1) *Distributive Agency.*

The Report on the Marketing of Wheat in India contained the following recommendation directly applicable to Co-operative Marketing:—

“...The main object of the local co-operative departments therefore should be to provide some distributive machinery either by employing existing firms as agents or by establishing some other suitable agency for the purpose. The possibility of establishing closer relations between the financially sound producers' and consumers' societies might, how-

ever, be considered especially where the co-operative banks concerned can guarantee the respective accounts and are equipped to clear the railway receipts quickly."

(2) *The Provincial Co-operative Marketing Association.*

It is also essential that these shops should cease to function as small isolated units, and should be subject to some form of co-ordination, both for the furtherance of their own business and for the purpose of better control. They should federate into a union, the objects of which should be, among others :—

(a) Wider opportunities of business owing to the larger stock of commodities which a Union would control, and the wider area over which business connection be maintained;

(b) Better facilities for acquiring and disseminating market information;

(c) Better control over paid staff, and the opportunity which a large organisation offers of a better and more highly paid staff.

Above all, there should be a Provincial Co-operative Marketing Association at Lahore. There is already a Provincial Co-operative Marketing Society at Madras, the one purpose of which is to link together the loan and sale societies and co-operative stores and place them in touch with the general market.

The objects of this Provincial Co-operative Marketing Association should be the collection and marketing of the produce of its members on a small benefit basis. This may include, in the case of cotton, its baling and the economical use of by-products.

Indents for supplies from big Indian and foreign firms should be received by this Association direct and the Association will meet the indents through its one or more affiliated Commission Shops. The Association will be in close touch with the prevailing conditions of each Commission Shop and will know which shops are capable of meeting the indents concerned.

The Association will also be useful in many other ways. It will be able to regulate the marketing demands. It will serve as a Bureau of Information.

This Association should keep itself in touch with the market both in India and abroad. It may have its agents in exporting places like Amritsar, Karachi and Bombay and also in England and other countries. It will have to be supported by the Government with financial and other aids.

Pakka Ahrat.—At present these societies sell mainly to local merchants and make no attempt to deal with the merchants in outside big markets and also at the port. If they are to work successfully their scope must be extended. These shops at present do *Kaccha Ahrat*, which is marketing in its simplest form. They have

achieved considerable experience of this work during the last 10 years or more and the time has now arrived to consider more elaborate forms of organisation. These shops should undertake *pakka ahvat* on a substantial scale which, with a better qualified staff and with the assistance of the Union and the Marketing Association, they should be able to do without greater risk than is inevitably involved in such transactions. They should also examine, under the advice of the Marketing Association, the possibility of adding processing to their activities, by the lease or acquisition of ginning and pressing factories, flour mills or rice-hulling mills; for such purposes Government should be prepared to assist by giving loans for the initial expenses. Conspicuous success has been attained in Bombay and Baroda by co-operative ginning and pressing factories, and there is no inherent reason why similar success should not be attained in the Punjab.

(3) *Competent Directorate and Staff.*

There should be a competent and earnest directorate, a competent and honest manager and adequate supervision and goodwill on the part of the departmental staff. The main attraction of these shops should be cheaper rates, fewer deductions in cash or kind and their co-operative complexion.

(4) *Separate Organisation.*

Miscellaneous commission shops are unsound. American and Colonial experience demonstrates that agricultural produce should be marketed through special organisation each for a single commodity over a very wide field.

(5) *Stamped Weights.*

An important aid to this movement will be the enforcement of the model by-laws on the subject of weights and measures which have been adopted in several municipal areas. Several markets enjoy the benefits of weights stamped by the District Board and it would be beneficial if this practice of stamping were general. The enforcement of the Marketing Act will facilitate this work.

(6) *Storage Facilities.*

The necessity of more and better storage facilities for the produce of the members is urgent and arrangements to meet it must be made as soon as practicable.

(7) *Compulsion in Selling Through Shop.*

A binding rule, requiring members to bring their produce to the shop, was introduced in 1925. According to this rule disloyal members were threatened with penalties, but this rule has never been properly enforced. Directors have been content to reproach and to hope again. Moreover, it is thought by the Directors that if a member is penalised for

not doing what he has solemnly undertaken to do, he will leave the society altogether and spend much of his time in trying to ruin the shop's business. This is not strong argument for ignoring this rule. Steps should be taken to see that the members do not defy this wholesome rule. Attention should also be given to the policy of compulsion.

(8) Help by Government Departments.

Grading.—(1) The grading and standardisation of produce is a difficult and important problem. Its solution lies more with the producer than with the person who arranges the sale of the commodities he produces. The Okara Sale Society is a clear instance of this. However, where possible, especially in Canal Colony areas, where agriculture is ahead of the other parts of the province, a real beginning in this direction should be made, as the present system of sale in the markets does not give the required premium to the producers of good produce. For this not only grading and standardisation will be needed at the time of sale, but a beginning will have to be made in the field where the crops are sown.

(2) "The Co-operative Sale Societies," wrote the Agricultural Commission, "deserve all the help the Co-operative and Agricultural Departments can give them. The help of the Agricultural Department can be given most effectively in the form of assistance in the grading of produce. The Agricultural Department in Bombay has lent an agricultural assistant free of charge to carry out the grading of the cotton sold by the co-operative sale societies in the Southern Maratha Country." If the example of Bombay is followed in the Punjab, it will be of great advantage to the Co-operative Commission Shops.

(3) A suggestion has often been thrown that the Government should order various Government Departments, who require different commodities for consumption, to place their orders with these co-operative shops. This will be doubly beneficial to the Departments for having the supply of the commodities of a standard quality, and to the co-operative shops in finding in the Government Departments a reliable purchaser. If such orders are issued by the Government and properly complied with by the Departments, it is likely to encourage the starting and working of producers' societies of different forms.

Financial Assistance.—(a) Co-operative marketing has hitherto been found peculiarly difficult. Money should be provided for the development of this side of co-operative work and further experiments and research must be continuously carried on until co-operative marketing can be pronounced a success, as without it a very great deal of the benefit of co-operative industry, and even of farming, is lost.

(b) The Provincial Governments should consider the desirability of advancing long term loans at concessional rates of interest to co-operative sale societies to build godowns in centres which provide good markets. They should also make advances to co-operative banks for the development of co-operative sale societies.

Future Development.—There is a bright future for co-operative marketing. The conditions necessary to make the progress of co-operative marketing on sound lines have been described at length. Among these conditions may be mentioned the extension of business to *Pukka Ahirats*, provision for storage facilities, competent directorate and staff, the formation of Provincial Co-operative Marketing Association, with its agents at important centres in India and abroad, financial and technical assistance from the Government, the Reserve Bank and Central and Provincial Co-operative Banks, and help by the Agricultural and other Departments.

New Scheme.—A proposal is now under consideration to tackle seriously the problem of the marketing of agricultural produce on a co-operative basis. And for this purpose two co-operative sale societies are to be organised as an experimental measure.

Object.—The objects of these sale societies will be to promote the economic interests of their members and more particularly to:—

- (1) undertake the joint sale of agricultural produce of members to the best advantage;
- (2) stock the produce of members and to arrange finance for making advances on the security of the produce;
- (3) arrange the purchase of seed, agricultural implements and other requirements for members;
- (4) encourage and facilitate amongst the members the improvement of agriculture and gradation of produce;
- (5) purchase, hire, lease or otherwise acquire such land, buildings or other immovable property, rights or privileges as may be necessary;
- (6) the provision of educational assistance to the members;
- (7) and other measures designed to encourage in the members the spirit and practice of thrift, mutual-help and self-help.

Advantages.—It is claimed that the advantages of this kind of a sale society will be that the members will be in a position to secure better prices for their produce. There will no necessity to sell the produce immediately for urgent needs. The advantages now accruing to the middlemen will go to the members. If and when a deadlock is created in the market, as was recently experienced in this Province, the members will not be at the mercy of the brokers and commission agents; they will have a regular institution to dispose of their produce in such emergencies. The members will have the benefit of expert advice for selling their produce and they will get an opportunity to understand and develop marketing principles. The members will have an incentive to use better seeds.

The scheme contemplates the appointment of a trained, experienced and efficient Manager for each sale society on a salary of Rs. 150 p.m. to be paid by the Government for the first five years. The scheme also provides for a special staff of one Inspector and three Sub-Inspectors for each sale society for organisation and propaganda to be paid by the Gov-

gement for five years. A Marketing Assistant Registrar has already been appointed from the 6th June, 1941 with headquarters at Lahore.

If the scheme goes through and is worked with zeal and vigour, a way may be opened to remove the marketing difficulties of the producers.

SPECIAL TYPES OF SOCIETIES

CONSOLIDATION OF LAND HOLDINGS SOCIETIES

While the evils of fragmentation are obvious, the remedy is not easy to find. Various attempts have been made to cope with the problems arising from fragmentation of holdings, but almost all of them have failed. The most difficult, important and interesting experiment in consolidation of holdings by co-operation originated in the Punjab in the year 1920. The procedure adopted in establishing a co-operative society for consolidation of holdings is to call together all persons directly interested in land in a given village, persuade them to accept the by-laws whereby a majority in a general meeting might approve a method of repartition, and then carry out actual adjustment of fields and holdings in such a manner that no single individual might have any grievance. In the beginning, when the experiment was started, the new land taken in exchange for his old land by each member of the co-operative consolidation society was to be retained for only four years, after which if the members were discontented with what had been done the proceedings could be cancelled and each man could revert to his former holding. But now exchange of land has been made permanent.

The objects of a consolidation of holdings society are to promote the economic interests of its members, and more particularly to secure a beneficial re-arrangement of holdings and to prevent loss and waste by fragmentation. It is necessary that every member of the society must be a land-owner or occupancy tenant or a person having an interest in land in the particular village. Every member, on being admitted to the society, has to sign a statement that he agrees (1) to the principle of the re-arrangement of scattered holdings so as to secure more compact blocks of fields for each owner; (2) to submit to any arrangement approved by two-thirds of the number of members in a general meeting; (3) to permit any arrangement of his lands in accordance with any such scheme and to give possession in accordance therewith for ever; (4) to submit to arbitration all disputes touching the business of the society (including disputes as to rights, boundaries, rents, responsibility for land revenue and cases of possession of the land effected by any such scheme) that may arise during the existence of the society; and (5) to submit to any arrangement approved by two-thirds of the number of members in a general meeting in case of any future partition on re-arrangement of the consolidated area in which he may be concerned.

As in every other type of co-operative society, the supreme authority in a consolidation society rests in the general meeting. All important matters are decided at a general meeting and confidence is gained

by strict adherence to democratic principles. The general meeting discusses the method of partition and decides on the main principles to be observed, such as the fertility of lands, the retention of former possession, and decides whether minor differences as to trees, etc., should be made good by money payments and so on. When a method of partition is decided upon, the Managing Committee prepares a scheme for the re-arrangement of holdings in accordance therewith. This scheme is placed before the general meeting for approval. If two thirds of the members accept it, it becomes binding on all, otherwise it is discarded. Another plan is drawn up and so on until almost everybody is satisfied. When the scheme is approved, members are bound to give up and accept possession in accordance with it. A member who feels aggrieved can refer the matter to arbitration. When this scheme was introduced, reliance was placed on persuasion and not upon the element of compulsion. In this scheme no one loses; no one need receive less land than he held before. No attempt is made to oust holders of petty plots; no compulsion is used, no restrictions are imposed; and the whole process is kept as simple as possible and is easily within the comprehension of the ordinary cultivator. No one is asked to agree to the re-arrangement until he has a new holding marked out on the ground. Originally the society was not registered unless an area had been consolidated, possession exchanged and mutation sanctioned; in other words, till its work was virtually finished. But after 1930 this method was altered and the society is now registered when its work begins.

Progress of Consolidation.—Although for many years Settlement Officers in the Punjab had made repeated attempts to use their influence to bring about consolidation, no success was attained. It was not until the scheme described above was devised by Mr. Calvert, Registrar of Co-operative Societies, that the people could be persuaded to give consolidation on co-operative lines a trial. As a result of patient work for over 20 years now, some very striking results have been achieved and the movement for consolidation in the Punjab has assumed the dimensions of an important agricultural reform.

This work began in 1920 and by 1st July 1930 i.e., in 10 years, 2,63,426 acres were consolidated out of the whole cultivable area of about 34 millions, at an average cost of Rs. 2-5-0 per acre. This work began at a very slow pace but is now acquiring momentum. Whereas in the first eight years the total area dealt with was 1,62,060 acres, in 1929 alone the area consolidated was 46,079 acres and in the next year (1930) the area was over 50,000 acres followed by 72,821 acres in 1931. In the next four years the progress became somewhat slow as a result of economic depression, because the area consolidated decreased to 60,348 acres in 1934. Since then the work began to proceed rapidly and the area mounted upto 92,689 acres in 1936, to 1,20,205 in 1937, to 1,32,313 in 1938, to 1,57,211 in 1939 and 1,43,803 in 1940. This means that the area consolidated last year was roughly equal to the area of the first eight years. This has been possible owing to the large increase in the staff during the past six years.

The following figures show the progress of consolidation during the last six years:—

	1935	1936	1937	1938	1939	1940
Societies	1,167	1,210	1,270	1,360	1,477	1,506
Members	89,429	1,03,584	1,19,875	1,41,929	1,60,782	1,79,230
Area consolidated in acres						
(per year)	63,534	92,689	1,20,295	1,32,313	1,57,211	1,43,803
			Rs.	Rs.	Rs.	Rs.
Cost per acre	1-14-0	1-6-11	*1-10-1	*1- 8-3	*1- 8-3	*1- 9-0
(per year).			†1-12-8	†1-12-1	†1-12-1	†1-15-0

The total area so far consolidated exceeds 13 lakhs of acres.

The total number of wells so far sunk is about 6,000 besides 27 Jhalars (water courses) and 1,000 wells repaired.

Effects of Consolidation in Daroli Village.—The revolutionary change brought about by consolidation will be apparent from the description of any village taken at random. Daroli is a small village in Jullundur district. The land of this village was fragmented into tiny patches and thin strips. The plight of the residents was desperate. Consolidation changed the fate of the village. The conditions before and after consolidation will show the vast improvement effected:—

Conditions before consolidation

- (1) The total area of the village was 1,085 acres, which was owned by 419 persons.
- (2) Out of 1,085 acres, 60 were irrigated by well, 973 were dependant on rain fall, 42 were non-cultivable and 10 acres were waste land.
- (3) There were 16 wells. Two of these were not working.
- (4) The number of blocks was 4,907.

After consolidation

- (1) The area was reduced to 1064 acres due to redistribution.
- (2) Within a year of consolidation, 228 acres, previously dependent on rain, have become well-irrigated. All waste and uncultivable land has been brought under the plough.
- (3) 14 new wells have been sunk and 2 have been repaired. There are now 30 wells working.
- (4) The number of blocks has been reduced to 304.

* Excluding contribution from societies.

† Including contribution from societies.

*Conditions before consolidation**After consolidation*

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|--|---|
| (5) The area per plot was 22 acres. | (5) The area per plot has risen to 362 acres. |
| (6) Fields had desolate appearance. | (6) Fields are now covered with bumper crops. |
| (7) There were three streams. They used to carry away the fertile soil and were a scourage to the crops. | (7) The area where these streams used to flow, has been divided between the owners. Embankments and dams have been built and the course of the water has been regularised. The water is used for irrigating the fields. The streams are now a boon to the villages. |
| (8) There were dirty ponds, cesspools and ditches everywhere. The pathways were muddy. Mosquitos ruined the health of the dwellers and Malaria played havoc. Diseases exacted a heavy toll every year. | (8) Pits have been filled up and dirt removed. The level of the pathways and roads has been raised. Streets have been paved. A playground has been set apart for children. Mosquitos have been banished. The health of the residents has improved. |
| (9) There was party feeling and constant litigation among the residents. | (9) Party feeling has disappeared and litigation has been suppressed. |
| (10) There was no idea of progress. | (10) There are signs of development all round. The ideal of better farming, better business and better living is now well-understood. Consolidation has enabled the villagers to lead a healthy life. |

Consolidation in Jullundur.—The progress made by consolidation in the most advanced district—Jullundur—may be detailed here. The first consolidation society in the Punjab was registered in Jullundur in July, 1920 and the total area consolidated upto 31st July, 1941 was 1,95,512 acres. This achievement is commendable. There were 293 societies in this district in 1938. The number rose to 312 in 1939. There was, however, a sharp decline in 1940 and the number went down to 263. But it increased to 264 in 1941. The membership increased from 33,905 to 38,334. It went down to 37,514 in 1940 and again rose to 40,955 in 1941. The work was proceeding in 42 villages in 1938, 50 villages in 1939, 38 villages in 1940 and 30 in 1941. The work once begun had to be abandoned in one case in each year after

the Sub-inspector had been at work for about 8 months in each village. The area consolidated was 14,620 acres in 1938, 18,465 in 1939, 14,857 in 1940 and 16,782 in 1941. The average area consolidated by each Sub-inspector rose from 382 to 740 acres in 1939 and fell to 381 acres in 1940 but again went up to 429 acres in 1941. The number of blocks before consolidation were 31,824, 39,065, 33,545 and 34,586. After consolidation these were reduced to 5,862, 5,851, 5,133 and 5,038. The decrease in the number of blocks was 86 per cent. This is highly encouraging, for ordinarily 8 separate fields are consolidated into one.

The contribution from societies amounted to Rs. 11,906 in 1939, Rs. 10,022 in 1940 and Rs. 12,235 in 1941, and the total cost of consolidation to Rs. 43,086 and Rs. 45,610 respectively. This works out to Rs. 2-6-4 per acre including contribution paid by societies as compared with Rs. 2-14-5 in 1938. The total area consolidated upto 1938 was 1,48,073 acres and it rose to 1,65,106 acres in 1939, to 1,78,713 acres in 1940 and 1,95,512 acres in 1941. 2,441 new wells have been sunk so far and 364 wells repaired. 162, 145 and 141 miles of roads and paths in length have been constructed during the last 3 years. The staff consisted of 6 Inspectors and 41 sub-inspectors. The Consolidation Assistant Registrar has his Head Quarters at Jullundur. But he supervises the work of Jullundur, Hoshiarpur and Ludhiana. The work of this district has gained reputation far and wide and visitors from India and abroad frequently come to see the societies.

Consolidation through the Revenue Department.—The work of consolidation through the Revenue Department was started in 1935 in the three districts of Rohtak, Sialkot and Gujrat. The operations were extended to Jhelum in 1938 and to Gurgaon, Mianwali and Muzaffargarh in July 1939 and to Attock in 1939-40. Operations were finally closed in the Rohtak district at the end of July, 1940 owing to lack of local enthusiasm. Up to the end of September 1939, 51,666 acres of land were consolidated in 111 villages. The progress in 1940 was remarkable as 72,841 acres in 83 villages were consolidated this year. The work of this one year has outstripped the collective figure for the past four years, which stands at 51,666. Work was in progress in 69 other villages and the total area under consolidation was 1,45,481 acres. The expenditure was Rs. 1,31,614. The area consolidated by the Revenue Staff is now over 1,45,000 acres of which nearly half was effected during 1939-40. The staff at the close of the year consisted of 7 Consolidation Officers, 25 consolidation *kanungos*, 116 *patwaris* and 39 *peons*. The area consolidated per *patwari* was 628 acres at a cost of Rs. 1-12-11 per acre. The whole cost was borne by the Government except for a small amount of contribution of Rs. 483 collected in the Sialkot district.

Consolidation of Holdings Act.—To surmount the difficulties experienced in the course of the work, the Punjab Consolidation of Holdings Act was passed in 1936 and the Rules under this Act were issued in 1937. The Act and the Rules give powers to consolidation officers for the preparation of schemes of consolidation, for settlement of disputes among right-holders and for appointment of Advisory committees.

Advantages of Consolidation.—(1) *Sinking of Wells.*—The advantages already secured to the Punjab are conspicuous. "The two commonest effects of consolidation are the sinking of wells and the bringing of waste land under cultivation."

(2) *Cultivation of Waste Land.*—In Hoshiarpur 763 acres of land and in Jullundur 663 acres were brought under cultivation in 1938. The actual cultivated area has increased as a result of consolidation.

(3) *Scope for Beneficent Departments.*—It was remarked in the Government Review on the Report of the Registrar, Co-operative Societies for the year 1935 that "the scope for development of all kinds is so greatly increased by consolidation that all beneficent departments would be well-advised to devote special attention to consolidated villages." The general increase of income, which all agree is substantial, provides an opportunity for the encouragement of thrift, the larger and better irrigated fields an opportunity for growing of fruits and vegetables and the land that is often set aside for schools and playgrounds an opportunity to the educationists. It is doubtful whether in the past any department has taken full advantages of these opportunities.

(4) *Improvement in Agriculture.*—Improvement in Agriculture is general where holdings have been brought together. New ploughs and other improved implements are used, new crops or new varieties of an old crop are sown, sand is removed from light soil and planting of trees or seeds is carried out. This results in a general increase of rents and a general contentment among the tenants.

(5) *Reduction in Litigation.*—Causes of quarrel and litigation are reduced. Civil suits and revenue proceedings of partition lapse when the boundary rights to which they refer are swept away by a general allotment.

(6) *Tenants Becoming Owners.*—Cultivators who have hitherto had to till the land of others in neighbouring villages have been able to give up this practice and are making a living out of their land alone, now that it has been consolidated. In Ghazipur, which is one of the show places, the occupancy tenants have purchased ownership in the consolidated land.

(7) *Amenities.*—A welcome community spirit is now making appearance, for villages are beginning to set apart fair plots of land for digging of manure pits, grazing grounds, gardens, school-buildings and playgrounds. A large number of villages have become unrecognizable after consolidation. The boundaries of fields have become straight and every field is connected with the village by a road. Dirty ponds of stagnant water round the villages have been filled up.

(8) *Benefits to Government.*—The direct advantages to the Government in increased land revenue are obvious. The manner in which Government benefit from consolidation is illustrated from Gurdaspur in which in two villages under fluctuating land revenue the annual demand rose by Rs. 468 and Rs. 150 respectively. In one village of Gurdaspur the cultivated area rose as a result of consolidation from 615 to 1,372 acres

and the land revenue from Rs. 2,059 to Rs. 2,938. In Jullundur the land revenue of three consolidated villages rose by Rs. 1,400 as a result of consolidation. In Ferozepur the land revenue of eight villages increased by Rs. 956.

The benefits conferred by consolidation being so great, it is not surprising that the Punjab Government allotted the first place in their schemes, to be financed from the Government of India grant for rural benefit, to the consolidation of holdings and earmarked Rs. 2 lakhs for this work.

Difficulties.—As the Registrar of the Punjab remarks in his interesting Annual Report for 1930: "It is easy to chronicle these results, but most difficult to produce them; where every one has to be satisfied and all conflicting interests reconciled where the poor, the weak, and the speechless have to be as much regarded as the rich, the strong, and the vocal; where the ignorant have to be enlightened and the stubborn conciliated and the only weapon is the tongue, and the only means persuasion. Technical difficulties, too abound, and underlying all difficulties is the peasant's passionate love of his land with the jealousy of neighbours that passion breeds. In such circumstances the work must be slow, but the marvel is that it is done at all."

Numerous instances could be quoted in which work once begun had to be given up generally on account of party feelings in the villages after the staff had spent many months of hard labour. It sometimes happens that the refusal of one or two individuals at the very last moment when the entire repartition has been planned and completed, on account of stubbornness or malice wastes the entire labour.

It has been noticed that landlords, whether in receipt of rent or *batai* (share) or in non-receipt of either of these but nominally shown as *maliks* (owners) in revenue papers act as obstructionists and thereby the occupancy tenant, the actual tiller of the soil, is deprived of the benefits of consolidation and has no incentive whatsoever to make any improvement in the area held by him.

Mortgagees are another class of obstructionists. The main cause is probably the fall in the price of land due to continuous depression. The mortgagees think that by keeping aloof from such societies they would either have the money back or the mortgagors may give more area for the same amount.

The danger that a minor on attaining majority and an absentee, may object to the repartition at any time and knock at the doors of the civil court was potential and called for legal provision to protect the societies from vexatious, expensive and unnecessary litigation. An interesting survey was conducted in 1935 by the consolidation staff in 47 societies in Jullundur regarding the proportion of minors, widows and absentee right-holders to the total membership of the societies concerned and it was discovered that out of a total of 5,422 members 310 were minors, and 1,130 absentee right-holders. Widows numbered 226 and when added to the former two categories of right-holders they raise

the percentage to 30. In other words consolidation is being achieved in the face of about one-third of right-holders whose nature of right has the potentiality of unsettling the whole operations but for the tact, honesty and dutifulness with which the consolidation staff apply themselves to the difficult task before them.

Societies are often dragged into courts. In Jullundur four suits were instituted against the societies in one year. One was decided against the society. The landlord objected on the ground of being a non-member to the exchange of a certain field made by his occupancy tenant. In another the husband represented his wife in consolidation operations throughout. But later she objected to the partition of the well-irrigated land and resorted to civil court. In the third case the suit was instituted by reversioner, who was a mortgagee as well, about a field on the ground that the quality of land taken in exchange was inferior to that of the original field. The fourth case was a novel device to defeat consolidation operations of Mohaddipur Jattan village on the plea of the absence of some of the co-sharers.

The Department experienced considerable difficulty in recruiting trained staff in 1936. It was again reported in 1938 and repeated in 1939 that the difficulty of obtaining a supply of trained and experienced staff still remains.

Contribution from societies.— Attempts have been made from the very first start of the operations of consolidation to persuade the cultivators to subscribe to the funds earmarked for this purpose. For many years no success could be achieved and the whole cost had, therefore, to be met by the Government. The first case of a contribution from societies towards the cost of consolidation was in 1931 when the owners of the Paserian village in Jullundur district offered Rs. 200 towards the expenses of consolidation. This set up the precedence for other societies; the rate of contribution from societies varies from annas two to annas eight per acre. In 1938 and 1939 Rs. 51,000 and Rs. 39,030 were contributed by societies respectively.

Staff.—The staff consists of a consolidation assistant registrar, 33 inspectors and 329 sub-inspectors. The staff of sub-inspectors is usually recruited from the Revenue Department.

Visitors.—The fame of achievement of consolidation has spread very wide and some of the more conspicuous villages continuously receive a stream of distinguished visitors. The group of societies in the neighbourhood of Phillaur in Jullundur district has in fact become the *locus classicus* of co-operative consolidation and has been visited by a large number of officials and non-officials, including His Excellency Lord Linlithgow, the Viceroy of India.

The Government Review for 1938 states that the work done by the society for the consolidation of holdings "challenges comparison with any co-operative achievement in Europe, since it involves a complete redistribution of innumerable, and often minute, parcels of land amongst a

great variety of owners with their unanimous consent. No greater benefit has been conferred on the Punjab peasant since the War of 1914 and the benefit is largely due to Mr. Calvert's initiative and foresight."

BETTER FARMING SOCIETIES

As with all other forms of co-operative activity, a better farming society is started with at least 10 persons, who must either be actual proprietors or tenants, resident in a particular area. The objects are, mainly, to promote agriculture, in accordance with the programme of the agricultural department, especially by bringing into use improved seed and implements and by adopting improved methods of cultivation. The society has a managing committee, elected annually by its general meeting, to run its business in conformity with the registered by-laws. A meeting is called twice a year, at harvest, and before sowing, and details with regard to the crops to be grown in respect of seed, etc., are settled which become binding, under penalty of Rs. 100, on all the members. Seed and implements are indented by the members and arrangements are made for supply through the agricultural department. In some cases, implements are owned by societies and are let out to members on hire, sufficient only to cover repairs and replacement when due, but it is always nominal and easily within the paying capacity of both an average proprietor and tenant.

The better farming movement has been in the field for two decades, but it must be admitted that the results achieved have not been up to expectations, specially in consideration of its great potentialities, the dire need and the vast scope. The reasons for the hampered progress are, first, the apathy of the Punjabi agriculturist in general to all beneficent scheme, and, secondly, the indifferent attitude of the co-operative staff towards these societies. On 31st July, 1939, the number of these societies stood at 183 in the province. They did little in their joint capacity beyond the distribution and cultivation of improved seed. About 2,794 maunds of wheat, 695 maunds of cotton, 80 maunds of Berseam and other seeds were distributed by these societies. They also sold a few improved implements. It may here be mentioned that some of the co-operative central banks and banking unions also stock implements for sale to better farming societies and even to individuals.

FRUIT PLANTATION SOCIETIES

There were 26 co-operative fruit plantation societies in the province at the end of July, 1939. Their objects are to encourage horticulture on scientific lines, introduce grading of fruits and arrange co-operative marketing of the product. Their working and constitution are just like the ordinary better farming societies. Fruit plantation societies are the greatest in number in Murree Hills—17 out of the total of 26 in the Province. Next in importance in respect of numerical strength is Muzaffargarh. Murree societies are also perhaps the oldest in the field. But there too all the plants have not yet come into bearing.

The produce there is disposed off locally by the agriculturists themselves in Murree and around in the cantonment areas and, in the case of comparatively well-to-do members, is consumed at home. The question of co-operative marketing, therefore, has not yet arisen. A class was run by the Government department at Murree with the help of the fruit specialist to the Government of Punjab for the training of co-operators in the making of jams, chittnies, condiments and similar fruit products. The move was very greatly appreciated by the public.

The Murree societies enjoyed, for a year, the benefit of expert advice and supervision in the appointment of a whole-time sub-inspector, trained in fruit-growing, whose services had been borrowed through the agricultural department. The cost of the appointment was met from the Government of India subvention under the development scheme. Lastly it may be added that the first supply of plants to Murree societies in 1935-36 was partly paid for by the members and partly charged to the grant made available by the local central bank and the district Guzara Fund.

The Punjab Provincial Co-operative Fruit Development Board.—The chronicle of the rapid development of the Punjab Fruit Development Board is an instance of the keenness and progressive outlook of the fruit growing community of the Punjab. On the occasion of the Punjab Citrus Show, Lahore, held in January, 1934, the Punjab fruit growers were advised by the Department of Agriculture to have a central organisation of their own. This, however, did not materialize till 12th May, 1935, when this central organisation was registered as the Punjab Provincial Co-operative Fruit Development Board, under Section 9 of Act II of 1912.

Although the membership of the Board is purely on voluntary basis, it has met with phenomenal response from the public. Leading men of the Punjab belonging to all walks of life—retired civilians, engineers, doctors, judges, advocates, members of the Legislative Assembly and others have rallied round the Board and are enthusiastic supporters of its aims and objects. There are about 300 members of the Board and the number is sure to increase in view of the considerable expansion of the beneficent programme this year, especially in the production of nursery plants, publication, etc.

His Excellency the Governor of the Punjab and the Hon'ble Minister for Development are the Patron and Vice-Patron of the Board respectively. The Managing Committee of the Board comprises thirty important officials and public men representing all shades of opinion.

Members and associates of the Board are allowed a concession of 25 per cent on the scheduled rates of pedigree fruit plants of outstanding merit available from the Punjab Fruit Development Board's nurseries. A very large number of fruit growers have availed of this concession in the spring of 1941. The copies of the *Punjab Fruit Journal*, English edition or Urdu edition, including special numbers, if

any, are supplied gratis to the members. Ordinary annual subscription of the journal is Rs. 3 for the English edition and Rs. 1-8-0 for the Urdu edition.

The members can book orders through the Board for various gardening requirements, e.g., garden tools, manures, packages, etc., at concession rates. They can sell their fruits through the Board. For this purpose a chain of dependable *Arthias* (Commission Agents) throughout the Province and outside has been established by the Marketing Officer, Punjab. The Board now renders free technical advice and practical assistance to its members in various matters relating to fruit-culture and fruit preservation. At the persistent representation of the Board for a number of years the Irrigation Department has agreed to give 'Double Wari' for gardens. Members should send in their applications for the enhanced supply of water to the office of the Board at an early date, for forwarding the same to the proper quarters.

The members are classed and designated according to the amount of subscription paid by them. The life members pay a subscription of Rs. 50 in advance or by instalments of Rs. 10 per month. The regular members pay an annual subscription of Rs. 5 in advance. The honorary members are specially elected by the Managing Committee for obtaining their expert advice and assistance in any matter. The associates of the Board are residents outside the Punjab and are enlisted as regular or life associates on payment of Rs. 5 annually or Rs. 50 in a lump sum. They have all the privileges of membership except the right of participation in management and voting in the Committee meetings of the Board. Every society or association shall pay a subscription of Rs. 0-8-0 in advance per annum for each of its members; and on payment of such subscription, shall be entitled to be represented on the Board by one representative for every ten of its members.

The liability of each member is limited to the extent of his subscription; and thus the fruit growing public is invited to join this representative body of the fruit growing community unhesitatingly. At present the office of the Board is attached to the office of the Fruit Specialist, Punjab at Lyallpur. It is intended to open a central office of the Board at Lahore and branches in other districts.

MEDICAL AID AND PUBLIC HEALTH SOCIETIES

The scheme in brief is that with an annual subsidy of Rs. 600 from the Government the people of a particular village or villages undertake to run a dispensary and provide the remaining funds for the purpose which are approximately about Rs. 600 per year. In view of the utility of the scheme and its great necessity in the rural areas where medical aid was not easily available, co-operative societies were started to organise the people for this noble object of self-help.

The societies collect funds in the form of contributions and donations from their members. Besides, the local district boards have, in

several districts, taken upon themselves to pay Rs. 300 per year for each subsidized dispensary thus started. As a dispensary can very well serve more than one village closely situated, the area of operation of our medical aid societies extends from one village to 8 or 9 villages in the densely populated parts of the Province. Generally these societies have got very big membership and an average member has to pay Rs. 2 to Rs. 3 per year as contribution. The amount is paid in two half-yearly instalments at harvest time. The scheme has thus brought the much needed medical assistance to the very doors of the people at a nominal cost.

The dispensaries are placed in charge of qualified medical practitioners who are appointed by the Civil Surgeons of the districts in consultation with the Committees of the societies. The doctors get Rs. 50 per month as pay with no other allowance, though in most cases accommodation for the dispensary and the doctor is provided free of rent. The doctor is also allowed private practice among non-members.

The scheme, though inaugurated only in 1940, has gained popularity in a very short time and 68 dispensaries were working last year in different districts of the Province under this scheme. A large number of patients are treated at these dispensaries.

The following table gives the particulars about these societies:—

Serial No.	Name of district.	Number of medical aid societies.	Number of patients treated.
1.	Ambala	6	37 686
2.	Amritsar	3	36 610
3.	Dhramsala	3	9 620
4.	Ferozepur	5	32 907
5.	Gurranwala	5	58 577
6.	Gujrat	3	23,980
7.	Gurdaspur	4	52,916
8.	Gurgaon	2	10,387
9.	Hoshiarpur	7	52,196
10.	Jullundur	7	1,21 802
11.	Ludhiana	5	29 841
12.	Montgomery	7	53 880
13.	Rohtak	1	6 336
14.	Rawalpindi	5	25,000
15.	Sialkot	2	18 915
16.	Sargodha	3	4,830
Total ..		68	5,75,483

The number of these societies has now risen to 92 and they have 13,000 members. They treated over 7 lakhs of patients in 1940-41.

The doctors, besides attending to the patients, are also looking to the village sanitation, examining the local school boys and taking steps to check the spread of contagious diseases and prevent epidemics. The members of societies get free treatment and free advice from the doctors but non-members can also avail of the facilities at the time of need by making a small payment required under the rules.

The scheme has worked very successfully during the first two years of its trial. One difficulty that is being felt everywhere is that for lack of funds compounders cannot be appointed to assist the medical practitioners. The attendance being fairly heavy, the work cannot be done efficiently by doctors single handed. Moreover, in some cases the doctors do not stick to their jobs and try to leave the service of the society as soon as they get a better chance. Again some have to proceed on leave. All this brings the work of the dispensary to a standstill and causes a great trouble to patients.

The Inspector General of Civil Hospitals, Punjab, Lahore, inspected some of the societies of Montgomery district. He was much impressed with their working and was satisfied with the progress made by the scheme. He also suggested keeping of trained *dais* at the societies provided funds for the purpose could be found either from the District Boards or from the societies. We find the scheme making a headway in the Province and the people are loud in the praise of the work of the dispensaries.

Human First Aid Centres.—At a Human First Aid Centre small medicine boxes containing simple medicines for common village ailments are kept. Two or three representatives of the local co-operative societies are got trained in dispensing the medicines and they carry on the work honorarily. As the representatives are generally laymen, they attend to very simple cases and render first aid in difficult cases. All complicated cases are sent to the nearest hospitals. In most districts of the province where the scheme has been introduced, funds have been provided by the Government at the rate of Rs. 50 per centre. In other districts the local co-operative credit societies have met the initial expense from their common good fund.

The medicines kept at these centres are very simple and also most commonly required. The scheme at present is not very widely introduced but the figures below would give an idea of its working and benefits :—

Serial No.	Name of district.	Number of centres started.	Number of patients treated.
1.	Ambala	10	17,199
2.	Amritsar	4	3,769
3.	Dharamsala	3	213
4.	Gujranwala	8	7,516
5.	Gurdespur	19	29,501
6.	Gurgaon	2	2,748
7.	Ludhiana	11	335
8.	Sialkot	11	9,303
9.	Muzaffargarh	8	14,309
Total ..		76	82,893

Besides, at Montgomery 10 such centres have been recently started and these are to begin work very shortly.

The only difficulty is to get suitable men from among the villagers who are willing to do honorary service to their fellow men after undergoing the preliminary training. However, the scheme is getting gradually popular and results achieved are satisfactory in every respect.

Veterinary First Aid Centres.—The veterinary dispensaries are even less in number than human dispensaries. The veterinary centres have been started to check the cattle mortality, to prevent the epidemics and to provide treatment for simple diseases of the animals. The centres have filled in a gap of long standing. The initial expenses of organising the veterinary first aid centres have in many cases been provided by the Civil Veterinary Department at the rate of Rs. 100 per centre. In other districts the expenses have been met by the local credit societies and in a few cases the district boards have also given some help. The recurring expenses vary from Rs. 15 to Rs. 35 according to the number of members and these are generally realised from the members in small donations.

The centres are run by co-operators who get the preliminary training at the nearest veterinary dispensary for 10 or 15 days and then carry on their work. The Veterinary Assistant of the area pays frequent visits to these centres and supervises the work. The Inspector, Co-operative Cattle Breeding Societies is another technical adviser and inspects these centres from time to time.

The first aiders treat simple cases and send difficult cases to the dispensaries. Castration is also done at these centres. Castrators have been purchased collectively for a set of centres and are utilised in turn. Thus the dangerous old method of castration is being gradually eliminated. The centres have helped a good deal in checking the cattle

mortality and whenever required the people have cheerfully borne the cost of the medicines required to run the centres.

A study of the figures regarding the working of the veterinary first aid centres in different districts show that in 18 districts 1,10,300 animals were treated at 289 centres.

The scheme was first started in Ferozepur district and has now extended to all parts of the province. In view of the utility of the centres it has been considered advisable to give these a permanent life. So efforts are made to get the good centres registered as co-operative veterinary first aid societies. The members are made to pay half-yearly contributions varying from annas four to rupee one to meet the recurring expenses. The scheme has grown popular all over the province.

WOMEN AND RURAL RECONSTRUCTION

The Punjab Government began its rural reconstruction campaign in the Punjab mostly amongst men in 1933. The chief aim of uplift no doubt was that the farmer may use better implements, better seeds and good cattle, but a man cannot benefit by them unless the wife is intelligent and knows how to keep her house. Right from the start it was realised that village uplift could not succeed without the active sympathy and co-operation of the house-wife.

The Punjab Government very readily sanctioned Mr. Brayne's scheme for the opening of a school for training women welfare workers to be posted one in each tahsil selected for intensive uplift work and later one to each tahsil in the Punjab. The Domestic Training School was started in 1938 after much careful thought and planning. The site chosen was Muslim Town, being nearer rural area. It was started with 28 stipendiary pupils who were as much as possible selected from rural areas. Two teachers were first chosen, but it was soon found necessary to get a third mistress. The subjects were many and the teachers were only three. They could not cope with all. Therefore the heads of all the beneficent departments were asked to help the school by arranging lectures on special subjects by qualified persons from amongst their staff. The Directors of Public Health, Veterinary Service, Agriculture, Registrar, Co-operative Societies, Red Cross Society and the Girl Guides' Association, all helped at once and willingly. In addition to lectures practical training was given.

The first batch of workers left school in 1939, the second batch in 1940 and the third in June 1941. The fourth batch of 50 students is now receiving training. The first two batches consisted entirely of stipendiary students but in the third and the fourth batches some non-stipendiary students were admitted. There are now 90 welfare workers, posted in each of the districts of the Punjab. Before the worker begins any uplift work she must first of all make her own house a model village house and thus show by example and practice how an ordinary house can be made a model clean house. Each worker is sent to a village selected by the Deputy Commissioner of the district and is given an ordinary village house.

A typical house of a welfare worker is made of mud-bricks with a court-yard and with two or three rooms on the ground-floor. In the court-yard she plants some vegetables and flower plants. There is hardly any worker who has not got a small garden of some sort in the court-yard.

In her kitchen there is chimney chullah made by herself, and a hay-box which she uses daily; for fuel she uses wood and not *uplas*. The rooms have ventilators which are cleaned by herself. One of the rooms is usually kept aside as 'welfare centre' and there rural reconstruction pictures as well as health and child welfare posters, some hand work toys etc., are kept on show. She thus makes her house as attractive as she can for the women and children. Most of them also use pits for bore-hole latrines. She invites the women to see her house and thus teaches them to improve their own houses. Further she goes into each and every house of the village to befriend the house-wife as well as to help her in cleaning houses. In a common place lectures on hygiene, mother craft and child welfare are delivered. But the task of the welfare workers is by no means easy. The village people regard their arrival with suspicion. Some think they are Government spies, others that they have come to know the ins and outs of the village so as to increase taxation. In fact women in one village refused to make chimneys and hay-boxes for fear of taxes. There are many instances of the welfare workers having been cold shouldered by the school mistresses. The activities of the workers are varied. Most of the villagers take to knitting, sewing and embroidery readily enough and there is hardly any worker who has not tried to popularise this. Guiding and blue bird activities are getting very popular. The women are also taking to gardening but this is not always possible for lack of space. Hay-boxes are widely used in some villages. Chimney chullahs are gradually increasing in number. 80 is the highest number in one of the villages. Soap-making, nawar and durre-weaving are also popular in some villages. Where there is no hospital or dispensary nearby the welfare workers treat the women and children for minor ailments. They daily visit the houses and in this war period are specially concentrating on the houses of the men-folk who have gone to war. They read the war news to their wives, read and write letters for them and also teach them handwork and give lessons on adult literacy. Thus they try to keep them occupied and also keep them informed about the war.

In some districts the lady welfare workers take great interest in co-operative societies so that a few have begun thrift and savings societies and act as secretaries or treasurers. Two have got better living or women institutes societies ready but they have not been registered yet as they must work at least three months before registration.

Though attended with innumerable difficulties the welfare workers in the Punjab are bravely going forward. They approach their fellow women as friends and by laughing with those who laugh and shedding

tears with those who weep, they find their way into the hearts of village women and thus gain the strength and confidence necessary for a campaign against age-long sloth and ignorance.

ARBITRATION SOCIETIES

So long as the old panchayat system existed in the country litigations were exceedingly few and rare but with the deterioration of this most useful Indian institution, litigation increased beyond bounds. The only best remedy to cure this economic evil is the revival of the panchayats and organisation of the villages on some good and sound basis. The co-operative department initiated the organisation of co-operative arbitration societies in the Punjab more than 20 years ago. In 1921 their number was 20 but in the succeeding year they had to be closed under instructions of the Government due to some legal objections in their constitution. The response from the people was so intense that the Department modified the constitution to meet the legal objections and efforts were again made to organise such societies on new lines. In 1927 their number was only 27 with 3,000 members and they decided about 660 cases in that year. In 1936 the number rose to 108 with about 18,000 members and 805 cases were decided that year. In 1939 up to which latest figures are available their number was 116 out of which 66 were in Kangra district alone. They decided 724 cases of which 463 were decided by Kangra societies.

It has been found that the societies in Kangra have since their inception dealt with about 4,000 cases of the value of Rs. 2,43,000. Most of these relate to money suits and most of the cases have been successfully compromised by the Committees.

The work of these societies has been now adversely affected by the organization of village panchayats under the Panchayats Act and debt conciliation boards. Where these two institutions are working, the arbitration society is left with a very limited scope of work. These societies do not enter into conflict with the panchayats or the debt conciliation boards but allow the cases which fall within the jurisdiction of the panchayats or debt conciliation boards to be tried by them and themselves deal with only those which are beyond their jurisdiction. It has been found that people prefer an arbitration society to a panchayat for various reasons.

The chief objects of the societies are: to provide a means for the equitable settlement of disputes, and thereby to save the members from the trouble and wasteful expenditure caused by false, frivolous and unnecessary litigation; to provide a means of defence for members against such litigation initiated by others; to secure, when necessary, professional legal opinion for the assistance of members.

The society's jurisdiction is extended to an entire village or a group of villages. The member joining the society shall have to sign an agreement to bind himself to refer for settlement any dispute on any of the subjects set forth in the schedule adopted by the society.

to the committee or to arbitration failing which he shall be liable for a penalty as the society may assess according to its bye-laws. There is an elected managing committee of a representative character but no legal practitioner or a servant, employee or agent of a legal practitioner can be a member of the committee or the panel of arbitrators. The general meeting elects annually a panel of arbitrators of trustworthy men from among the members.

When there is any dispute the parties have two courses; either to compromise between themselves on the initiative of the committee, or to refer the dispute to arbitration. In the latter case the parties shall sign an agreement to refer the dispute for arbitration either by one arbitrator or three arbitrators who shall be the members of the panel of arbitrators. The arbitrator or the arbitrators will call upon the parties to appear before them to settle the dispute in case the parties are unable to do so within one month of its reference to the committee. Any party aggrieved by an award of the arbitrator may within one month from the date of award and after depositing such sums as are prescribed in the by-laws appeal in writing to the committee. Legal practitioners are disallowed from appearing before the arbitrators nor any legal practitioner can be nominated as arbitrator but the committee may where necessary appoint a legal practitioner as a commissioner on stated question of law or of facts. The arbitrators and the committees are authorised to administer oaths and require attendance of the parties and the witnesses and production of necessary books and documents by a summons delivered orally or sent by hand or through registered post. The committee or arbitrator shall not be required to record evidence but to give a decision or award in writing in accordance with justice, equity and good conscience. The awards have to be confirmed by a civil court within one month; otherwise it cannot be executed in a Court of Law. The committee may permit any party to take the dispute to a court of law when the matter under dispute is of a complicated legal nature. If a member goes to a court without the permission of the committee, he shall be liable to a penalty as provided in the by-laws. Any member who is aggrieved by the order of the committee imposing a penalty may appeal to the next general meeting or refer the dispute to the Registrar as a dispute between the committee and himself but he shall have to deposit the amount of such penalty with the treasurer before hand. Each society has got a schedule of subjects which it can deal with. The subjects are of civil nature such as money disputes, division of property—movable or immovable, possession of property, realisation of rents, disputes arising out of produce of land among the shareholders, suits for compensation, suits relating to wills, redemption of lands and suits under Section 127(1) of Land Revenue Act and such criminal cases which are compoundable and which can go to Civil Court of Law for compensation, etc.

It has been found as a result of the working of such societies that the number of disputes decreased from year to year and there are

villages where these societies have been at work for some time and worked honestly the litigation has disappeared altogether.

THE PUNJAB CO-OPERATIVE UNION

The Punjab Co-operative Union was registered at Lahore in July 1918, and has now completed 23 years of its useful life. It is the chief non-official democratic institution in the Province and is responsible for developing and controlling the co-operative movement in the Land of Five Rivers, carrying on its work in close touch with the Co-operative Department. Its objects are: (1) to promote and extend co-operation, to work for the common good of all co-operators, to aid in the conduct of co-operative business and to act as agents on behalf of its members and to develop and strengthen co-operative organisation; (2) to take measures for the audit, as required by law, of all registered co-operative societies which contribute to the funds of this Union; (3) to establish and maintain a provident fund for all employees of this Union, of all central banks and of all other registered co-operative societies in the Punjab.

All central co-operative banks, unions, land mortgage banks and co-operative commission shops in the Province are its members, as well as the gazetted officers of the co-operative department, *ex-officio*. There is no membership fee. The number of its members was 226 in 1941 of which 189 were co-operative institutions and 37 individuals who are gazetted officers of the co-operative department. There are no other individual members. The Union is a representative body of over 26,000 co-operative societies and more than 10 lakhs of members in the Province.

Each member institution sends one representative for every 100 societies affiliated to it to the annual general meeting of the Union, which is held once a year and is attended by about 400 representatives. The general meeting elects from its representatives an Executive Committee, which is the controlling body of the Union. The Executive Committee consists of 32 members, including the Registrar, Co-operative Societies, who is its *ex-officio* Chairman. The co-operative institutions of every district are represented on the executive committee which generally meets three or four times a year. There are various sub-committees appointed by the Executive Committee—finance sub-committee, appointment sub-committee and punishment sub-committee. The number of meetings held by the sub-committees last year was 20.

The Union thus represents a successful attempt to blend a popular non-official movement with the official controlling element. Sir M. L. Darling, the greatest authority on the co-operative movement in India, in reviewing the working of co-operative societies in the Punjab for the year 1937-38 remarked that "It is one of the best features of the movement in the Punjab, that in pursuance of this policy, the officials and non-officials have always worked side by side, so equally

devoted to the cause of co-operation that it would often be difficult to say which was the better co-operator of the two. The Punjab Co-operative Union is the outward and visible sign of this harmony, and it is pleasant to be able to congratulate it on its twentieth birthday."

The main functions of the Union are to audit all co-operative societies, supervise them, arrange for the training and education of the co-operative staff and of members of co-operative societies and do propaganda. The success of the co-operative movement in the Punjab is a measure of the zeal and vigour with which the Union has been performing these functions. In order to carry out these functions the Union has a field staff consisting of sub-inspectors, auditors, supervisors and sub-inspectresses. Their total number now is about one thousand. They are responsible for the audit and supervision of more than 26,000 societies having Rs. 18 crores of working capital and for the training and education of 11 lakhs of members.

Audit.—(a) *Primary Societies.*—The audit of all co-operative primary societies in this Province is done by the sub-inspectors of the Punjab Co-operative Union. The standard of audit is high. In 1935 out of 21,577 societies due for audit only 114 societies could not be audited. In 1936 only 47 societies remained unaudited out of 22,353. In 1937 the position improved further and out of 23,060 societies due for audit, only 32 were not audited. The position in 1938 was practically the same as 33 societies remained unaudited out of 23,624. The number of unaudited societies, however, increased in 1939 to 71 out of 24,433. But in 1940 it again went down and only 36 societies out of 25,351 were not audited. The main reason for not auditing these societies was that the books were not available as they were either concealed, lost or were in courts in connection with civil and criminal cases.

(b) *Central Banks.*—There are 49 Central Banks and 68 banking Unions in the Punjab. The audit of central banks and unions with a working capital of Rs. 4 lakhs and above is done once a year and of those under Rs. 4 lakhs twice a year. The annual audit is done by the professional auditors and the senior auditors of the Union. There are 12 approved firms of professional auditors and 4 senior auditors of the Union. The number of institutions audited by the professional auditors last year was 39 and by the union auditors 101, including the provincial bank, mortgage banks and some important primary societies. The total expenditure of the Union on these audits was about Rs. 45,000.

Training.—The Punjab realised the necessity of the proper training of the co-operative staff and members of the co-operative societies from the very beginning of the movement and has evolved a system of training and education which has earned praise from very high and authoritative quarters.

(1) *Classes for Secretaries of Primary Societies.*—Training classes for the secretaries of village primary societies were started by the Union in 1926. These classes proved very useful and were repeated every year throughout the Province at an annual cost of Rs. 10,000 to the Union. About 10,000 secretaries had been trained by the Union before the Government of India grant for co-operative education was sanctioned in 1935. This special grant enabled the Union and the Department to pay more attention to this important aspect. About 7,000 secretaries have received training during the last 5 years.

(2) *Classes for the office-holders of societies.*—A class for the office-holders of societies was organised for the first time in 1934. Since then about 2,000 office-holders have received training in these classes.

(3) *Class for the secretaries of banking unions.*—A training class for the secretaries of banking unions was first started in 1928. After some years this class was converted into a refresher course. This course last year was held at Gurdaspur and was attended by 25 secretaries. One of the senior auditors of the Union was in charge of this course.

(4) *Classes for liquidators and executive agents.*—These classes were started in 1934. During the last three years about 40 classes have been held and 600 persons trained.

(5) (a) *Classes for sub-inspector candidates.*—A Sub-inspector in the Punjab is the pivot of the co-operative movement. Therefore great importance is attached to his training. Last year 3 training classes were held for sub-inspector candidates—two at Gurdaspur and one at Multan. These were attended by 152 candidates.

(b) *Classes for sub-inspectress candidates.*—The Punjab is perhaps the only Province in India where systematic and successful efforts have been made to preach the gospel of co-operation among women. A special class is held for the training of sub-inspectress candidates when necessary. The first class was organised in 1928 and the last in 1940-41 which was attended by 12 sub-inspectress candidates.

(6) *Classes for inspector candidates.*—The training class for inspector candidates was started in 1921 and is now held every year at Gurdaspur. The period of the class was extended from three to four months in 1935 and from four to five months in 1939-40. The last class lasted from the middle of October 1939 to the end of March, 1940, and was attended by 17 candidates. The class this year has been started from the 1st of August and 18 candidates have joined it. This class has become an institution of all-India fame and has attracted candidates from all Provinces of India, from Burma and indeed from as far a field as Cyprus. All this training and education of the staff and members of societies is carried on by the Punjab Co-operative Union, Lahore, in co-operation with the Co-operative Department.

Propaganda.—One of the main functions of the Punjab Co-operative Union is 'Propaganda' which is carried on in various ways. The Union publishes a monthly magazine 'Co-operation', in Urdu since 1924. Its annual subscription is Rs. 3. A good many pamphlets on various aspects of the co-operative movement have been published by the Union. Many authoritative English books on co-operation and rural economics have been translated into Urdu. Out of seven bulletins issued by the Agricultural Credit Department of the Reserve Bank of India two have been translated and others are under translation. The Union undertakes the preparation and printing of by-laws, registers and forms for all co-operative societies in the Province. Two films, co-operative credit and co-operative cattle breeding, were prepared by the Union. The Union co-operated with the Co-operative Drama Party in staging co-operative plays throughout the Province and printed all the co-operative dramas in a book form. Magic lanterns and slides were supplied by the Union to the field staff. A few charts and graphs were prepared showing the progress of the co-operative movement in the Punjab and its comparison with other Provinces. The Co-operative Day is celebrated throughout the Province under the auspices of the Punjab Co-operative Union. This Day gives an opportunity for the message of co-operation to be preached with greater vigour. The Radio is often used for propagating the principles of co-operation. The secretary of the Union, the editor of 'Co-operation' and the field staff give radio talks on different aspects of the co-operative movement from time to time.

Income.—The two main sources of the income of the Punjab Co-operative Union are annual contribution from all co-operative societies and grants from Government. The contribution is charged at the rate of 10 per cent on the annual net profit of co-operative societies with a minimum of Rs. 10. The total budgetted income for 1941-42 was Rs. 10.37 lakhs and expenditure Rs. 10.31 lakhs. The financial position, however, cannot be considered satisfactory as the increase does not keep pace with the ever-increasing expenditure.

The Calvert Fund was created in 1934 to commemorate the services of Mr. Calvert, ex-Registrar of Co-operative Societies in the Punjab. It was resolved to collect a voluntary contribution of annas three per member from all co-operative societies in the Province. More than Rs. 80,000 were thus collected.

It was also decided last year to create a Wace Fund on the lines of the Calvert Fund. The income from both these funds is used for encouraging education in rural areas by the grant of scholarships to the relatives of co-operators.

The influence and importance of the Punjab Co-operative Union is increasing as the years go by and it is making steady and satisfactory progress on sound lines. It is affiliated to the International Co-operative Alliance, London, the Horace Plunkett Foundation, London and the

All-India Co-operative Institutes' Association. It is easily the biggest and the best co-operative institution of its kind in India and is serving as a model to other Provinces and States in this country.

SUPERVISION, EDUCATION AND AUDIT

SUPERVISION

The duty of supervision of societies is being performed by the Punjab Co-operative Union and by Government but mostly by the former. The Punjab Co-operative Union has engaged a large staff of sub-inspectors who are entrusted with the supervision of societies. A sub-inspector when he has not to audit societies in his charge, has, on the average 50 to 80 societies to look after, but when he has also to audit them his charge varies from 30 to 50 societies. A sub-inspector is required to inspect every society at least once a quarter. Under the direct supervision of an Inspector, who is paid by Government, he is responsible for co-operative growth of societies on the right lines.

One Inspector is in charge of a tahsil generally and has 4 to 7 sub-inspectors under him. As already noted, he is paid by Government. His duty, as an intermediary between the Registrar and the sub-inspector, is to be in close touch with the movement and to supervise and guide the Punjab Co-operative Union Staff of sub-inspectors under him.

EDUCATION AND TRAINING

The training of the co-operative staff on sound and systematic lines has always been considered as most essential in the Punjab which, of all the provinces in India, was probably the first to realise this and to evolve a system of training which is regarded as efficient and thorough. The beauty of this system has already won praise even from the Royal Commission on Agriculture. The supremacy of this province over others is widely acknowledged in its system of education and training and in particular the training of the departmental staff.

The need to appoint a separate staff on education duty was felt in the Punjab as far back as 1921 when a selected Inspector was appointed to hold regular classes for the training of Inspector and Sub-Inspector candidates. Later on the number of Educational Inspectors was raised from one to three and everyone of them was given an assistant who was a paid Sub-Inspector of the Punjab Co-operative Union. The educational staff could concentrate chiefly on the holding of training classes for Sub-Inspector and Inspector candidates until 1935, when on a move by Mr. Darling, then officer on special duty in the Finance Department, the Government of India agreed to sanction a special grant for additional staff being employed on improvement of the scheme of training of the co-operative staff still further and also to carry on an intensive programme of education of members of societies

for a period of five years. With the help of this grant one Educational Assistant Registrar and three more Educational Inspectors, each with one assistant were appointed and added to the existing staff. Later on the need to appoint another assistant exclusively for the education of members of Industrial Societies and an Educational Sub-Inspectress for women societies was felt and these two posts were also created to add to the existing strength of the educational staff. The Educational Assistant Registrar was appointed to supervise the entire educational work, lecture work, journalism and general propaganda throughout the province. The need for the appointment of such an officer was being felt long before this and had already been expressed through a note put up before the Punjab Banking Enquiry Committee. The additional staff of three Educational Inspectors and their Assistants was needed chiefly to concentrate on education of members of societies. The Government of India while sanctioning the grant made it clear that the object of the grant was to develop the co-operative movement on sound lines by the following methods:—

- (a) training the existing staff of officials and non-officials, and
- (b) educating the members of co-operative societies, more especially the office-bearers and the managing members and directors of co-operative societies in their by-laws and in the elementary principles of co-operation.

The Government of India made it a condition of the grant that the Provincial Government will not reduce its present rate of expenditure on co-operative training and education and would further undertake to make at its own expense suitable arrangements for the training of the staff and the teaching of members from the provincial revenues after five years when the Central Government grant lapsed. The work of education of committees and office-holders on a comprehensive scale and in a systematic manner had however to be entrusted to the special educational staff as the inspectors and sub-inspectors were asked to attend to work of recovery of loans in the wake of the conditions created by the economic depression. In the All-India Conference of Registrars of Co-operative Societies held in December 1939, the following resolution was passed:—

“This Conference recommends that classes should be held and steps taken for the education of members of co-operative societies in principles and practices of co-operation and provincial and State Governments be requested to provide funds for the same.”

The old staff of three Inspectors with their Assistants could not really cope with the increased volume of duty devolving on them under the changed conditions. The need for maintaining the increased educational staff was realised by the Punjab Government and it was decided in 1940 that the staff previously maintained with the help of Government of India grant be retained with slight retrenchment. The entire educational staff maintained by the Punjab Government at present is as follows:—

Educational Assistant Registrar	.. One
Educational Inspectors	.. Five (one per each division of Deputy Registrar)
Educational Assistants	.. Six (two paid by the Punjab Government and four by the Punjab Co-operative Union).

The main work done by the educational staff during the financial year ending 31—3—'41 is discussed as under :—

1. *Training of Secretaries.*—85 classes attended by 1,238 were held during the year. These classes are held at central places where secretaries of the surrounding village societies can conveniently attend. A class is for 10 days and is conducted by either an Educational Inspector or an Educational Assistant. The Secretaries are trained according to a prescribed syllabus which includes instructions in simple method of maintaining the accounts of societies and also education in the general principles and practices of co-operation. The model by-laws of various forms adopted by societies are also discussed and explained at these classes.

2. *Education of office holders and managing members of societies.*—90 classes to educate 2,650 office-holders were held at suitable centres. Such classes are held for a period of three days when the duties and powers of office-holders and managing members are discussed and explained. Through these classes many of the doubts lurking in the minds of officers and members of the managing committees are removed by heart-to-heart discussions and a new spirit and interest is created with which improvement in the general tone of societies is rendered possible.

3. *Education of members of Industrial Societies.*—18 such classes were held and were attended by 635 members. The Educational Assistant appointed for Industrial Societies conducted these classes. Besides explaining the business and co-operative principles on which such societies should work he gives many demonstrations which help in improving the crafts. The duration of such a class is for 10 days.

4. *Education of members of women societies.*—20 such classes were held and attended by 445 members of women societies. The Educational Sub-inspectress who conducted these classes is well versed in domestic arts and always gives demonstrations in sewing, knitting, fruit preservation etc., besides the usual lectures on how women societies should work and prosper. This class is also for 10 days only.

5. *Training of Execution Agents and Liquidators.*—Three such classes were attended by 46 agents and liquidators. These classes are taken either by the Educational Inspector or by an Educational Assistant. The co-operative and general law on execution and liquidation is explained at these classes for the benefit of those who attend. As

a result of these classes the staff of agents and liquidators is made capable of discharging their duties promptly and efficiently.

6. *Special classes for Salesmen and Store-keepers of Supply and Sale Societies.*—One class attended by 10 candidates was held during the year. The main object of this class was to explain how the intricate and complicated accounts of sale and supply societies can be suitably maintained.

7. *Training of Sub-Inspectors of the Department.*—Three classes attended by 131 Sub-inspector candidates were held during the year. Such classes are of the duration of 3 months and are conducted by an Educational Inspector and an Assistant. The Inspector lectures on co-operative law, the theory and practice of co-operation and important subjects of Rural Economics according to the syllabus prescribed for the purpose. The Educational Assistant lectures on account-keeping and practical side of the working of co-operative societies. There is always an examination at the end of each class and the candidates are expected to obtain 55 per cent marks in order to get through.

8. *Training of Staff of Sub-inspectresses.*—One such class attended by 12 candidates was held during the year. There is a separate syllabus for the training of female staff. This class is also taken by an Educational Inspector and an Assistant and lasts for 3 months. The candidates have to sit for examination and pass according to the standard that applies to Sub-inspector candidates.

9. *Special Class for the training of selected Inspectors of the Department in Urban Work.*—One such class was attended by six inspectors selected from the general duty staff. This class lasted for one month. The candidates were examined at the end, the standard of pass percentage being 66 per cent. These inspectors will be considered for appointment in the urban branch of the movement if and when required.

10. *Training of Inspector Candidates.*—This class was attended by 12 Inspector candidates including two from Orissa, three from N.W.F.P., one from Ajmer and one from Nahan State. This class is for five months and is conducted by three Educational Inspectors and one Assistant. The three subjects of Law, Co-operation and Rural Economics are discussed by the Inspectors while the Assistant takes the practical class. Our Inspector class is now of all-India reputation. We have already trained a considerable number of candidates of other Provinces.

General.—Our classes for the training of the staff receive lectures from the officers of other beneficent departments including Agriculture, Veterinary and Public Health. The syllabus to be followed for the Inspector and Sub-inspector classes are elaborate and comprehensive requiring thorough explanation of the co-operative law and the by-laws of the various important types of societies and also of the science of co-operation and applied economics. No text-books are prescribed, but the Inspector and Sub-inspector candidates have to study several

suggested books for the entrance examination and even after when the classes are in session. Important books from the libraries of the Registrar and the Punjab Co-operative Union are placed at the disposal of the candidates for study during the classes. All important problems of the day concerning economic, social and moral welfare of the people are discussed in these classes with a view to improve the knowledge of the candidates and to enable them to educate members so thoroughly that they may be able to run their societies successfully.

In addition to the above, the educational staff is required to attend the Departmental Refresher Courses that are held in their circle each year. These courses are usually for 10 days and are held for the entire staff of an Assistant Registrar's circle and sometimes jointly for two circles. The educational staff delivers lectures on subjects that are allotted to them. Their presence at these courses is always considered to be useful. They generally prove of immense help in suggesting suitable solution to the intricate questions of law that come up for discussion and giving advice on legal and other problems that are referred to them by the general staff all over the province from time to time. The volume of this work is generally heavy and keep the staff well nigh busy with it throughout the year. The educational staff also delivers lectures to the various gatherings, schools and military units whenever called upon to do so. During the last year they could give as many as 89 lectures in different parts of the Province.

The party of the Punjab Co-operative Players, under the control of the Educational Assistant Registrar, gave 88 shows during the year which were attended by millions of people including considerable number of ladies. This party consists of an Educational Inspector, two Educational Assistants and about 12 Sub-inspectors. The Drama to be displayed aims at exposing the vices and weaknesses of villagers and preparing ground for village uplift and rural reconstruction. Of all the propaganda work done by the department, this is considered by far the most important and has already won appreciation of the general public. This is now regarded as one of the most popular of all our activities.

The educational staff contributed several press notes and articles on the co-operative movement and its achievements to the leading newspapers of the province by way of propaganda. Several songs by one of the Educational Assistants who is well up in music were broadcast from Lahore All-India Radio Station during the year.

The duties of the Educational Staff, as will be clear from the above, can be divided into three parts. Training of the co-operative staff, whether employees of the Government or paid by the Punjab Co-operative Union is the first duty. The second is education of members of societies in the principles and practice of co-operation. Propaganda with a view to spread knowledge of co-operation amongst those who are not in the movement is the third.

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SIND

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Note.—There is no Provincial Editor for Sind. The General Editor is indebted for his materials mainly to the various reports of enquiry referred to in this account including administration reports of the Registrar of Co-operative Societies.

SIND

General Features.—The province of Sind which has an area of 46,378 sq. miles, may be considered to be the western most province of India, bounded on the North by the Punjab and Baluchistan, on the South by the Arabian Sea and Cutch, on the East by Rajputana and on the West by Baluchistan. Sind was a compact unit and was considered a province within a province before its separation from Bombay, in accordance with the provisions of the Government of India Act of 1935. In April 1936, it was constituted into a separate province with a Governor.* The scheme of Provincial Autonomy with a council of ministers was introduced in 1937 along with the other provinces. The number of ministers at present is five and the legislature is unicameral.

The province receives very meagre rainfall and the climate is dry. The construction of Barrage at Sukkur on the river Indus which runs through the province with its many tributaries, has now made agriculture possible in many barren areas. Wheat and barley are the chief agricultural products. The province has a population of 4,537,000 (1941) 60 per cent of which subsist on agriculture and animal husbandry and 10 per cent are engaged in manufacturing industries, most of which are, however, of the cottage type, there being very few factories. Of the 3.9 million population, in the year 1931, about 1 million were Hindus, 2.8 millions were Muslims and the rest were Anglo-Indians, Europeans and Indian Christians. The spoken language is Sindhi. Sind is connected by railways with the Punjab, Bombay, Rajputana and Hyderabad. The river Indus and its tributaries offer good waterways. Karachi, the principal port of the province and one of the biggest ports in India, is the headquarters of the Provincial Government. Karachi is also an important inland terminus of air services in India and contains the biggest air port in India for international air services. There is no University in Sind. The revenue of the province for the year 1941-42 is estimated at Rs. 4,35,47,000 and the expenditure at Rs. 4,34,47,000 leaving a surplus of Rs. 1,00,000. Rs. 25,000 is allotted for literacy campaign.

A Retrospect.—The movement in Sind can be said to have had a real start only from the year 1918. Sind, for administrative purposes, was part of the Bombay Presidency till it was constituted into a separate province in 1936, under the Government of India Act of 1935. But for purposes of the co-operative movement, the Punjab model is adopted for Sind Societies. Mr. D. A. Shah, Assistant Registrar of Co-operative Societies, Poona, writing in 'Co-operation in Bombay' edited by Prof. H. L. Kaji said: "With the share system and the unwillingness of members, who are mostly Mahomedans, to accept any interest on deposits, or even dividend on shares, societies have built up owned capital quickly.

* Governor: His Excellency Sir Hugh Dow, K.C.S.I., C.I.E., I.C.S.

Arrears are within reasonable limits and many members have paid off their old debts out of their profits of agriculture and freed themselves from the clutches of sowkars. Both because the big Zamindar is the lord or one of the lords of the village and because his needs are greater than those of small Zamindars or his tenants, it has not been considered advisable to encourage him to borrow from any ordinary village credit society of which he may be a member. On the other hand, even if there were more than one big Zamindar in a village, their number would be too small for an independent credit society. The Raiffeisen type of society does not suit them. Separate Zamindari Banks with limited liability and operating in extensive areas like a Revenue District were, therefore, organised. Three such banks have been registered. They finance landholders who pay Rs. 500 or more as land assessment, to the extent of Rs. 5,000 each." In Sind we have the problem of extreme illiteracy of the agricultural classes and lack of compact communities living on village sites and also the problem of the Zamindar and the tenant. These difficulties were to some extent overcome by closer and constant supervision and the enlistment of both the Zamindars and the tenants as members of credit societies. On the 31st March 1928 only two such Central Banks were in working order with a membership of 281 and a loan business of Rs. 5.86,000 which comes to an average of about Rs. 2,000 per member. According to the Registrar's report for 1939-40, four Zamindari Banks at Mirpurkhas, Larkana, Shikarpur and Hyderabad had a membership of 931 and a loan business of Rs. 3,06,314. It was pointed out by the Registrar that in an attempt to conserve their reserves the Zamindari Banks had to cut down fresh finance to their members from Rs. 6,59,000 in the year ended with 30th June 1939 to Rs. 3,06,314 in the year ended with 30th June 1940. These Zamindari Banks derived part of their resources amounting to Rs. 90,000 in the year 1939-40 from the Sind Provincial Co-operative Bank.

It is noted by the Bombay Provincial Banking Enquiry Committee (1929-30) that a proposal was made to the Committee for the concentration of all co-operative finance in Sind in one institution either for the whole province, including Sind, or if that were not possible in two institutions, one for the Presidency proper and the other for Sind. But eventually a separate Provincial Co-operative Bank was constituted in the year 1919. The District Central Co-operative Banks in Sind having been amalgamated with it in 1935 and are now working as its branches, the Provincial Bank directly finances the societies. There was a financial crisis in Sind in 1937 and in the short period between May 1937 and January 1938 deposits to the extent of forty lakhs of rupees were withdrawn from the Provincial Bank. The Government came to its rescue with loan of eight lakhs of rupees besides adopting other measures to restore public confidence. The bank has since been working satisfactorily, and the Registrar in his latest report observes that the Sind Provincial Co-operative Bank has emerged unimpaired, and even stronger, from the trying times of 1939-40.

A programme of rehabilitation of the societies in the province has been in operation for some years and in 1940, the programme was continued. The financial position of each debtor of agricultural credit societies is being examined and methods of recovery are being laid down. The by-laws of various types of societies are being redrafted. The question of amending the Co-operative Societies Act and Rules is also under consideration. The idea seems to be to amend the Bombay Co-operative Societies Act and the Rules thereunder with special reference to the conditions of Sind.

General Progress of the Movement.—In the decade which elapsed between 1928-29 and 1939-40 there has been an increase in the number of societies in the Province. The total number of societies on 30th June 1940 was 1,406, their membership was 69,613 and their total working capital was Rs. 2,82,16,991. Their aggregate reserve fund was Rs. 16,13,888. With regard to the membership and working capital in the year 1939-40 the Registrar's report points out that there has been a fall in both of membership and working capital compared with the previous year. It was due partly to the liquidation of the Karachi Urban Co-operative Bank and some other societies. The membership fell from 75,765 on 30th June 1939 to 69,613 and the working capital from Rs. 3,28,21,756 to Rs. 2,82,16,991. It is said that the outbreak of the war in September 1939 had an adverse effect on the banking institutions, co-operative and joint-stock alike, in the province. The reserve fund of the movement also decreased from Rs. 16,76,083 to Rs. 16,13,888, that is to say there has been a fall by Rs. 62,000. The fall was more marked in the case of the urban credit societies. The Registrar has some very interesting observations to make about this fall of the membership and the working capital. He is of opinion that in this very fall lies the real strength and solidity of the movement. "The movement has passed through an acid test of a very trying and stiff year and has come out well from the test, though somewhat impaired numerically. It may be said that the nervous depositor has taken away his money, the disloyal co-operator has said good-bye to the movement and the movement has purged itself of some at least of the unwholesome ingredients."

CO-OPERATIVE FINANCE

A. RURAL CREDIT SOCIETIES

Agricultural Credit Societies.—On the 30th June 1940 there were 985 societies with a membership of 24,775 and a working capital of Rs. 14,16,538. There has been a net fall of Rs. 1,27,890 in the working capital of agricultural societies in comparison with that of last year, mainly due to withdrawal of working capital of societies put into liquidation.

Zamindari Banks.—Zamindari Banks are agricultural credit societies intended for land lords. These banks in addition to affording

financial accommodation to big Zamindars are carrying on regular banking business also and the financial crisis experienced by the urban banks in the province affected the Zamindari Banks as well to a certain extent. There are four such banks for the districts of Mirpurkhas, Larkana, Shikarpur and Hyderabad, with a membership of 981; working capital of Rs. 21,63,084 and a loan business of Rs. 3,06,314 on the 30th June 1940.

B. CENTRAL BANKS

There are no Central Banks in the province; and even the few that there were, were amalgamated with, and converted into, branches of the provincial co-operative bank.

C. PROVINCIAL CO-OPERATIVE BANK

The constitution of the Sind Provincial Co-operative Bank is different from that of other Provincial Co-operative Banks in India in as much as it directly finances primary co-operative societies in the province. All District Central Co-operative Banks in Sind have been amalgamated with it since 1935 and are now functioning as its branches. The membership of the Bank consists of 1,157 societies and 1,713 individuals, holding shares of the paid up value of Rs. 8,89,000 on the 30th June 1940.

The Bank is at present managed by a Committee consisting of 9 members nominated by the Provincial Government. The Committee was first nominated for a period of two years which expired in April 1940, and the period was extended upto September 1941.

Every branch has an advisory committee consisting of three members nominated by the central committee. Under the old by-laws of the Bank the Central Board of Directors consisted of 23 members, but these by-laws have since been amended. After the expiry of the term of the present committee, the new Board of Directors will consist of 11 members, of whom 4 shall be from amongst the individual share-holders, each holding shares of the paid-up value of at least Rs. 1,000. Under the amended by-laws members of the Provincial Legislative Assembly are not eligible for the directorship of the Bank.

The Bank finances agricultural and urban societies, urban and zamindari banks, individual zamindars against standing crops and, to a limited extent, individual members against agricultural produce, merchandise and other approved securities. The Bank undertakes collection and discounting of up country bills (clean and documentary), cheques and dividend warrants and issues demand drafts and telegraphic transfers.

Total loans and advances of the Bank amounted to Rs. 48,56,000 as on 31—12—1940. Of these Rs. 42,00,000 were due from agricultural societies including Rs. 6,93,000 due from societies in liquidation.

A detailed inquiry into the loans due from agricultural societies was undertaken by the Bank with the assistance of two Valuation Officers lent by the Government. As a result of this enquiry contumacious defaulters have been separated and for repayment of loans due from individual members of these societies instalments (according to repaying capacity) extending in most cases to ten years have been fixed after scaling down their debts by allowing liberal concessions in past and future interest. The concession in past interest alone is about Rs. 6½ lakhs. The question of similar concession from the Bank to the societies is under consideration and already concessions of Rs. 1,50,000 in past interest and Rs. 40,000 annually of future interest have been sanctioned by the Bank. The Bank's own resources being limited full measure of relief can only be granted with Government aid. This matter is now engaging the attention of the Bank authorities.

The Bank has a paid-up share capital of Rs. 8,89,000 and Statutory Reserve Fund of Rs. 1,15,000. Other reserves aggregate to Rs. 9,30,000, including Reserve for Overdue Interest (Rs. 5,61,000) and Bad Debts Reserve (Rs. 3,23,000). The deposits which went down to Rs. 55 lakhs in May 1938 as a result of the crisis due to internal differences stood at Rs. 84 lakhs in May 1941 in spite of heavy reduction in the interest rates. In January 1938 the Bank had to raise a loan of Rs. 8 lakhs from the Provincial Government to meet the rush for withdrawal of deposits. This was repaid within a few months and at present the Bank's liquid assets consisting of cash and bank balances and investment in Government securities amount to Rs. 44 lakhs or about 50 per cent of the total deposits. The working capital of the Bank now stands at over Rs. 1,00,00,000. The Provincial Government have assured the Bank of ample financial assistance whenever necessary and the Bank has a standing cash credit arrangement of Rs. 10 lakhs with the Government. With this Government aid and the reforms already made, the financial position and the working of the Bank have been placed on a firm footing. With the completion of the rehabilitation programme for the agricultural societies which should not take more than a couple of years, the Bank's position would be very sound.

D. URBAN CREDIT SOCIETIES

The number of urban credit societies in the province on the 30th June 1940 was 135. But some important urban societies like the Karachi Urban Credit Society were liquidated during the year. These societies are grouped into three main classes viz., communal, salary or wage earners' and cosmopolitan. There were 31 societies of class one, 71 of class two and 33 of class three. The total membership of all the societies put together was 34,000 and their working capital Rs. 95,32,480. The number of full-fledged urban banks with a working capital of over Rs. 50,000 was 23 while the number of ordinary urban societies was 112.

CONSUMERS' STORES

The number of Consumers' Stores was 10, on the 30th June 1940. Five of them exist in the city of Karachi, 3 in Hyderabad and 2 in the town of Sukkur. Their total membership was 556, working capital Rs. 13,949 and the value of sales effected was Rs. 30,974. Taken together all of them worked at a total profit of Rs. 1,285. On the whole the consumers' movement is practically non-existent. Even out of the societies mentioned, it is said by the Registrar that the 3 stores in Hyderabad did little business and are practically dormant and the 2 in Sukkur did not commence working. It is only the stores in Karachi that are working and they claim a membership of 433 and a working capital of Rs. 11,964.

PRODUCTION AND SALE SOCIETIES

The main type of the production and sale societies are the Weavers' Societies and the Industrial Associations. On 30th June 1940, there were 12 such societies, of which 8 were Weavers' Societies, 3 were Industrial Associations and the remaining one was Backward Sikhs Producers' Society. The Weavers' Societies, however, confined their activities to credit business. They did not make any effort to supply raw materials to their members or arrange for disposal of their finished goods on co-operative basis.

SPECIAL TYPES OF SOCIETIES

Housing Societies.—There were 30 housing societies on the 30th June 1940 in Sind—21 in Karachi, 5 in Hyderabad 3 in Dadu and 1 in Nawabshah. Of the 21 in Karachi only 14 were working and the others remained closed. Of the 5 Societies in Hyderabad one has completed its building programme and the remaining 4 have not commenced building operations. The 3 societies in Dadu have done no work nor has the Nawabshah society.

House Reconstruction Societies.—There were 24 such societies on the 30th June 1940. The only activity of these societies was to recover the loans outstanding against the members and pay off the same to Government.

Agricultural Non-Credit Societies.—There were 28 such societies in the province on the 30th June 1940 viz., 16 Seed Sale and Supply Societies, 10 Taluka Development Associations and 2 Agricultural Associations. Their membership was 4,660 and their working capital Rs. 7,20,960.

Better Living Societies.—There were 123 such societies. Only two of these societies are said to be doing any active work. The others did not undertake any activity during the year 1939-40.

Co-operative Clubs.—There were 3 such societies, 2 in Hyderabad and 1 in Digri. Of the two in Hyderabad one was for men and the other for ladies. The former is dormant and doing no work. The club at Digri has not yet commenced working.

Provincial Co-operative Institute.—The constitution of the Institute was revised in January 1940 and in December 1940 the Individual membership was 105. There were 3 propaganda officers for the Institute who give magic lantern lectures and demonstrations. There was a reading room maintained by the Institute for the public. The Institute's main sources of income were the Government grant and collections from subscriptions.

SUPERVISION, EDUCATION AND AUDIT

Supervision.—There were 7 District Supervising Unions and 46 Taluka Supervising Unions. The main duty of the field staff of the unions is to effect recovery from members of affiliated societies. The working of the District Supervising Union Boards having been found unsatisfactory, the formation of a Provincial Board to take up the entire control of the supervision machinery was sanctioned by the Government.

Co-operative Training and Education.—The scheme of co-operative training and education is confined to the training of members and office-bearers of rural societies, particularly of agricultural credit societies. Co-operative propaganda is carried on under the control of the Registrar instead of through the Sind Provincial Co-operative Institute. There is thus a dual machinery at the disposal of the department for propaganda—the propaganda officers of the Institute and the officers under the Co-operative Training and Education scheme, who work under the direct control of the Registrar.

Audit.—The work of audit of the accounts of the societies is done by the Departmental staff. Sub-auditors engaged in the work of audit are required, by Government Resolution, to pass the Government Diploma Co-operative Accountancy Test, before they are confirmed. A departmental examination for clerks of the Co-operative Department, has been made obligatory by Government resolution. Audit fee is charged by Government to societies in accordance with, Government Resolution Revenue Department No. 3818/24 dated 28th December 1930. The amount of audit fee in arrears exceeded Rs. 12,000 on 1st March, 1940.

The cat in Æsop which was transformed into a beautiful woman sat at board with human propriety until a mouse ran across the table, when she at once darted after it. So there are co-operators who, when they see a possible dividend before them, dart after it without regard to equity, never enquiring to whom it belongs.

—G. T. HOLYOAKE.

UNITED PROVINCES

Provincial Editor

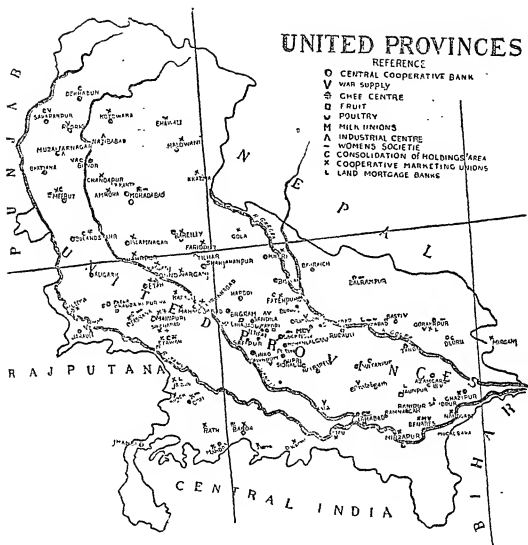
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UNITED PROVINCES

General Features.—The United Provinces is the largest province in India in point of area and second in point of population. It is a Governor's Province with a bicameral legislature.* The council of ministers having resigned towards the end of October 1939, administration of the province is being carried on by the Governor with the help of official advisers, under section 93 of the Government of India Act, 1935. The province is bounded on the north by Nepal, on the west by Punjab and Rajaputana, on the south by Central India and on the east by Bihar. Its area is 1,06,248 square miles. The capital of the province is Lucknow. There is a High Court at Allahabad and a Chief Court for Oudh at Lucknow. The Province has a population of 55·02 millions (1941) of which nearly 46 millions are Hindus and 8 millions are Mohammadans. Hindi and Urdu are the chief languages of the Province. The principal towns of the Province are Lucknow, Cawnpore, Agra, Benares, Allahabad, Bareilly, Aligarh and Meerut. The Province has five universities at Allahabad, Lucknow, Benares, Agra and Aligarh.

For the year 1941-42 the revenue of the Province was estimated at Rs. 14·34 crores and the expenditure at Rs. 14·29. A sum of about 30 lakhs of rupees is provided in the Budget for Rural Development.

The Province has the largest railway mileage of any Province in India and it has 31,000 miles of roads of which over 8,000 miles are metalled. The Province enjoys a dry climate and experiences extremes of heat and cold and has a moderate rainfall. It has a large network of irrigation canals. The Ganges and the Jumna are the important rivers. Of its agricultural produce millets and sugar-cane occupy very important place, besides wheat, barley and pulses which are also grown. It is the only Province in India which produces opium. There are about 90 sugar mills, 25 cotton mills and 3 woollen mills in the Province. The sugar industry has made phenomenal progress in the recent years.

A Retrospect.—The origin of the Co-operative Movement in the Province may be traced back to the year 1900, when Mr. Dupernex, I.C.S., who was placed on special duty, studied the working of co-operative institutions in Europe and set forth his conclusions in the valuable and useful publication *Peoples' Banks for Northern India*. As a result, between 1900 and 1904 a few pioneer societies were organised, as an ex-

* Governor: H. E. Sir Maurice Garnier Hallet, K.C.S.I., C.I.E., I.C.S.

perimental measure, with a Government grant of Rs. 1,000 each. The number of such societies soon rose to 200, but as could only be expected under the times, they served merely as agencies for the distribution and collection of cheap loans and were completely ignorant of the basic principles of co-operation. The passing of the Indian Co-operative Societies' Act, in 1904 gave a spurt to the development of the movement by the organisation of societies to supply cheap credit to persons of limited means in the villages. In conformity with the original aims and objects of the Imperial Government to improve the economic interests of the rural community by inculcating the habits of thrift, self-help and mutual trust, a large number of co-operative credit societies were started to the complete exclusion of the non-credit side of the movement; and the societies were classified only as rural or urban. The number of societies registered in the first year alone was 159. The first Registrar who noticed the inherent defects in the working of the early societies introduced the system of 'patti societies' with a larger jurisdiction, members being drawn from a large number of villages. The one notable feature of the societies was that the membership was confined to one particular caste. To ensure supervision and control these societies were affiliated to a central 'patti' society. But it was soon discovered that the caste societies existed only in name and that it was the central society, which was in itself a primary society, that kept the accounts and managed the whole business of the affiliated societies, without that intimate local knowledge of the members which is a prime requisite for advancing loans. All these societies failed within a decade, due to the inherent defects in their constitution. Those that were started subsequently introduced the share system. The difficulties in account-keeping were to some extent obviated by the appointment of group secretaries, who were in charge of the accounts of about eight or ten surrounding villages nearby. Even at this stage the growth in the number of societies resulted in indiscriminate borrowing which made the villagers more extravagant than thrifty. Between 1909 and 1913 alone, nearly 2,500 societies were registered. By about 1910 the new societies decided to follow a policy of restricting their loans to the short term needs of the members and the latter were not encouraged to receive advances for the clearance of prior debts and such other long term purposes. In 1912 the Government of India, with the object of remedying the defects of the Act of 1904, brought in a more comprehensive Co-operative Societies Act (Act II of 1912) which while dropping the distinction originally made between urban and rural societies, gave official recognition to the expansion of non-credit activities of the societies, at the same time introducing necessary safeguards to check any rapid expansion. This resulted in the speeding up of the registration of societies in the province and thus by 1925 the number of societies had increased to 5,755 with a membership of 1,61,140 and a working capital of Rs. 1,80,57,369. Central banks and later banking unions followed to finance, supervise and control the societies.

This rapid growth in the number of societies proved a menace to their sound working and many of the village societies were in an unstable condition. The percentage of reserve fund to the working

capital came down from 18·9 to 16·6 and from 10·9 to 6·8 in the case of agricultural and non-agricultural societies respectively. The central banks, by their very constitution, could not establish the necessary intimate contact with the primary societies. Hence between 1919 and 1923, the Government increased the staff of the Department and attempted to consolidate the existing weak societies and slowly organise new ones. To achieve this object over 3,300 test societies were started during this period. But there was little success in the programme of consolidation and as the Board of Revenue pointed out then, 'there was little genuine co-operation and the public were apathetic.' Therefore in 1926 the Oakden Committee was appointed by the Provincial Government "to enquire and report the reason why co-operative societies have not succeeded better in gaining the confidence and support of the people and to make proposals for improving the organisation, supervision and control, audit and financing of the movement in all its branches." As a result of the recommendations of the Committee some of the defects of the societies were removed. The work of supervision, education and audit was transferred to the banking unions and an increased and trained inspecting staff was provided for the purpose. The central banks were to be mainly the financing agencies to the societies which were sought to be restored to their rightful place as the keystone of the co-operative movement. An attempt was also made to co-ordinate the activities of the Department with that of the other Departments such as Agriculture, Education etc. Attention was diverted at this period to the development of the non-credit side of the movement and some progress, though not striking, was made. In spite of the Government patronage and efforts even the credit side of the movement touched only the fringe of the problem of agricultural indebtedness. In 1928-29 the advances for all the needs of the agriculturists amounted only to Rs. 41·85 lakhs and out of 8,500 societies newly started nearly 2,700 were liquidated.

The steep fall in agricultural prices, following the economic depression of 1931 combined with a succession of bad harvests in most of the co-operative tracts of the province, swelled the overdues of members and their repaying capacity completely disappeared. The percentage of overdues to the outstandings rose from 37·8 per cent in 1928-29 to 70·7 per cent in 1931-32. However, a policy of restricted loaning coupled with efforts to increase recoveries decreased gradually the total outstandings and overdues, and the financial position of the banks improved slightly. The advances to members from primary societies were reduced from Rs. 41·87 lakhs in 1928-29 to Rs. 17·33 in 1932. To speed up recoveries the system of repayments in kind was tried in the central banks of Bijnor and Moradabad. While the former gave it up soon due to losses incurred, the latter continued it till 1939, when, due to the natural difficulties in the working of the scheme, it was resolved to close the operation of the scheme. During the period following the depression the banks experienced simultaneously the difficulties of recovering the overdues and at the same time investing even their reduced capital. Hence there was a drive, specially from 1931, to reduce the rates of interest on deposits which were brought down to

4½ and later in 1936 even to 2 per cent. In 1937, when Provincial Autonomy was inaugurated in the Province, an impetus was given to all the nation building departments. The total number of societies increased from 9,135 to 10,858 membership from 3·8 to 7·3 lakhs and working capital from Rs. 2·74 crores to Rs. 3·20 crores in a period of one year. Special attention was also paid to the possibilities of organising non-credit societies. The few societies of this type that were already working were running on a profitable basis. In the succeeding years there was a noticeable increase in the salary earners' societies, marketing societies and other types of non-credit societies, which were manned by educated and intelligent people. In 1938, the non-credit central societies numbered 77 with a membership of 19,659 and a working capital of Rs. 5·20 lakhs. The number increased to 117 in the subsequent year and the non-credit agricultural societies increased from 1,516 to 2,813 and non-agricultural non-credit societies from 161 to 188. Besides, the primary societies were encouraged by the Government to undertake the sale of members' produce and introduce thrift policies; arrangements for this purpose were made in about 1,500 societies. The development of multi-purpose societies with a variety of activities such as marketing, better farming, better living etc., requires large funds for investments and the central banks which have been meeting these needs hitherto have been finding it difficult now to meet the situation.

The need for a Provincial bank is felt. The Province also lagged behind in the field of long term credit. There are only five land mortgage banks whose activities have not expanded.

CO-OPERATIVE FINANCE

A. RURAL CREDIT SOCIETIES

The agricultural primary credit societies in the Province form by far the most important part of the co-operative structure and the real foundation of the movement, as elsewhere in India. The societies dispense mainly short and medium term credit. In 1940, out of over 15,815 societies of all types, the number of agricultural societies was 15,079 and the primary credit societies numbered 7,702 with a working capital of Rs. 1,18,15,796.

Almost all the early primary societies were started on the basis of unlimited liability of the Raiffeisen model, except for a few alterations in the by-laws to suit the local conditions. In 1940, out of 7,702 societies, 6,741 were societies with unlimited liability. The early societies were started mostly by the Government with the assistance of a few private persons who evinced enthusiasm in the movement and had the zeal to work for and promote the movement. But the method of recruiting members and keeping accounts were wholly defective. The introduction of the system of share capital and the appointment of itinerant group secretaries for supervision remedied, to some extent, the defects and societies increased in number. With the starting of central

banks in 1912-13 and banking unions, later in 1928, there was a further growth in the number of societies and extension of credit facilities to the rural population. But unfortunately loans were issued without any reference to the repaying capacity or the creditworthiness of the members that many of the societies are now burdened with a mass of overdues, some of which may prove unrealisable and the rest being recovered slowly. In 1934, 72 per cent of the societies were placed in the D and E class being classified as unfit societies.

Normally, the working capital of these societies is comprised of the (1) Share capital; (2) Deposits from members and non-members; (3) Loans from central societies, other primary societies, and Government, and (4) Reserve and other funds. In 1939-40 the share capital supplied about 24 per cent of the total working capital, which shows that the system of shares has greatly raised the credit of the societies and that the habit of thrift has been to some extent cultivated. Though the ideal to be aimed at is, that rural societies should raise locally what capital they ordinarily require, and that central banks should make good any deficiency in the supply of local capital, there has not been any notable increase in the members' deposits all these years. It is only from 1936 that some of the societies have introduced thrift policies under which a member paying Rs. 2 a year will be able to get Rs. 50 at the end of 15 years. In some others, compulsory deposits are taken in addition to share capital, at the time of advance. There are others who credit a portion of the interest paid to the member's deposit account. Such societies have now been termed 'thrift and credit societies.' Some progress has been achieved in this direction and thrift deposits are gradually increasing. Still the societies are far from raising their own capital from members' deposits, because those who become members of the unlimited liability societies have little to spare by way of deposits and among others who have surplus funds and who have no need to borrow, the fear of unlimited liability is a deterrent to their becoming members of a society. The reserve fund, which is the most important of the sources of the working capital of the societies, formed 29 per cent in 1940, though 'it cannot be overlooked that figures relating to profits are based on estimates of assets and liabilities rather than on gains actually realised.' However it is satisfactory to note that the owned capital has shown a considerable increase; it stood at about 60 per cent in 1940, and compares favourably with other provinces. The borrowings from the central banks formed about 25 per cent of the working capital in 1940 and the total outstandings of the members amounted to Rs. 92.59 lakhs in the same year, of which Rs. 33.17 lakhs was overdue.

Efforts have been made to speed up the recoveries and the proportion of recoveries to demand has increased from 30 per cent in 1934 to 44.2 per cent in 1936 and has since been gradually increasing. The repaying capacity of the members is not the only factor that stands in the way of a rapid recovery of overdues. The lack of a machinery to initiate a dispute against the defaulting member of the managing committee and the reluctance on the part of one member of the committee to take action against his colleague, add to the difficulties. The

advances to members have been growing with the growth of the number of societies though the average loan per member has shown a decrease. Further, the central banks now follow the principle of advancing loans only for short term purposes and in turn the societies are following a cautious policy in granting advances to their members.

To conclude, the number of societies in the Province which was 223 in 1905 is now 7,702. Their membership has increased proportionately and is nearly 2 lakhs. More significant is the fact that these members have been able to accumulate, by way of shares and deposits, in their own societies, a sum of about 32 lakhs of rupees, in addition to another 42 lakhs which constitute the reserve and other funds of the societies. The accumulation of more than a crore of rupees by primary credit societies as their working capital is an achievement for which the movement deserves credit.

B. CENTRAL BANKS

There are 70 co-operative central banks in the Province comprised of 59 district banks, 10 banking unions and the Mason Co-operative Federation at Bara Banki.

Constitution and area of operations.—The district and central banks, which differ between them only in name are wholly of the mixed type and have individuals as well as societies as their members. The banking unions, on the other hand, are of the pure type and have only societies as their members. The area of operations of a banking union is smaller than that of a district or central bank. In almost all cases both the classes of banks operate in the same districts but there is hardly ever any conflict or competition.

Functions.—Until 1928, supervision and finance were both vested in the central banks. But they functioned, more or less, as benevolent mahajans and neglected the more important task of supervision and education of societies. The United Provinces Co-operative Union was hence brought into being in 1928 to which the district and central banks entrusted supervision, education and development of their societies. The main function of central banks since then has been to raise deposits and loans and to finance the societies affiliated to them. Of the 70 district and central banks 59 have already accepted the provincialisation scheme and they have become members of the Provincial Co-operative Union. The remaining banks are gradually falling in line with their sister institutions. In the matter of education of members and training of panchayats, societies under provincialised banks are distinctly superior to those working under the old system. Collections from societies under provincialised banks were 75·6 per cent of the demand in 1939-40, as against 53 per cent in the other case. The cost of supervision is met between the Union and its constituent members. Central banks meet 55 per cent of the cost of supervision and the balance is made up by the Government grant of Rs. 75,000 for the purpose. In cases, however where the central banks are unable to meet their quota, the Union can and does reduce the amount.

Financial position.—The financial position of the central banks in the province, on the whole, continues to be satisfactory, despite the fact, that fourteen banks worked at a loss during 1939-40 and the work of four small banks is at a standstill. As a rule central banks have won the confidence of the public but the small banks find it difficult to raise deposits at reasonable rates and have to look to other banks for accommodation under inter-moneylending arrangements in the absence of a Provincial Co-operative Bank. In the past, these arrangements worked smoothly but with the recent development programme they have proved halting and unhelpful.

C. LAND MORTGAGE BANKS

Long term Credit.—In the United Provinces we were late in starting primary land mortgage banks or what we have preferred to call land mortgage societies for reasons which shall appear presently. We have now five societies, one each working in Ghazipur, Jaunpur, Fyzabad, Orri and Gorakhpur. Compared with their Madras prototypes they are small tiny affairs. The total membership and working capital of all the five and the loan outstanding against members amount to 701, Rs. 1,90,629 and Rs. 1,80,278 respectively. The overdues against members amount to only Rs. 3,838. With one exception, they have all worked at a profit. Their finances are derived for the most part from local district co-operative banks, which charge interest varying from 4 to 5 per cent per annum, while the societies charge from 7 to 9 per cent from their members. Thus, unlike Madras or Bombay, where arrangements have been made with Government guarantee and assistance, to supply long term finance at very cheap rates and also for land valuation and supervision, in United Provinces the societies are financed from short term credits. The period of repayment is rarely more than 15 years. Under such conditions not even one-third of the value of the zamindari land can be advanced without exceeding the repaying capacity. The main reason why the land mortgage work has not developed in this province may now be given. There can be no long term finance without the issue of debentures and there can be no debentures without a Central Institution like a Central Land Mortgage bank or a Provincial Bank to issue them. Our first need, therefore, is that we should have a Central Land Mortgage Bank or a Provincial Bank which should, for the time being, tack on land mortgage banking as its annexe. Debentures will have no market unless the Government guarantee the payment of principal and interest as in other provinces. We have, unlike Madras or Punjab, no peasant proprietors in this province. It is only the permanent tenure holders or fixed-rate tenants in a couple of districts in the Benares Division that have rights of transfer over their holdings. In order to extend the scope of the land mortgage societies, the Tenancy Act should be amended on the model of Central Provinces in order to enable occupancy and statutory tenants to mortgage their holdings in favour of land mortgage societies.

A separate Act in fact will have to be enacted on the lines of the Madras Land Mortgage Banks' Act according to which certain provi-

sions of the Transfer of Property Act, the Provincial Insolvency Act, the Trustees and Mortgagees' Powers Act, and the Land Improvement Loans Act will have no application to transfers made in favour of land mortgage societies. The improvement of agricultural land or the methods of cultivation, as also purchase of land for rounding off uneconomic holdings, should be included among the purposes binding on a member of the Joint Hindu Family.

D. URBAN CREDIT SOCIETIES

Co-operative urban credit has been quite a prominent feature with us from the very inception of the movement. The urban banks that were started to finance the movement did not leave the small man of the town out of their ambit. With their operations spread over large areas and their scattered membership grouped into what were then known as 'affiliated societies' we had several of these formed for artisans and petty traders and shopkeepers of the town. These were later on converted into separate societies, with affiliation to the district or central banks into which the old urban banks were converted. The proportion of urban societies in the provincial figures has almost always borne quite a favourable comparison with the ratio between urban and rural population of the province. As early as 1906 we had the Benares Silk Weavers' Association with its ambitious programme of finance, production and sale and in the same year the first credit society for the office clerks was organised in the Collector's Office at Mainpuri. Next year an independent society was set up for artisans and traders at Rai Bareilly followed by the Swadeshi Co-operative Society started at Cawnpore in 1910 for the provision of banking facilities to business men.

On the 30th June, 1940 we had nearly 500 non-agricultural credit societies, of which 239 were of the limited and 260 of the unlimited liability type. Almost all these societies are situated in urban areas and have been organised on a local and vocational basis, i.e., their membership is open only to persons of the same trade or occupation residing in the same *mohalla* or town or working in the same office, department or mill. Some of the societies working on a limited liability basis extend their operations to a whole Revenue District while a few operate throughout the province and even beyond.

Employees' Societies.—As already mentioned above, the earliest society of this type was organised in 1906 at Mainpuri for the clerks of the Collector's Office. In 1912 was registered the Agra Telegraph Society, the first of its kind to have its membership open to all the employees of the Telegraph Department in India (now restricted to the United Provinces). Three years later was started the Postal Employees' Society with headquarters at Lucknow. But the place of pride in this category belongs to the O.R.Ry. Employees' Society with its membership of 7,350 and a working capital of about Rs. 18 lakhs. It is the biggest society in the province, the next being the Postal Employees' Society with 5,485 members and

a working capital of just a little less than Rs. 11 lakhs. We have four other provincial societies with membership ranging from 400 to 3,700 and working capital ranging from Rs. 1.25 to Rs. 4.25 lakhs. With three other big societies (the Swadeshi at Cawnpore, the Civil Accounts at Allahabad, and the Civil Secretariat at Lucknow) the number of such societies with a capital of over Rs. one lakh is only 9 but they command about 31 per cent of membership and 62 per cent of working capital of all the 239 societies belonging to the group of non-agricultural credit societies or limited liability. The 36 societies of the police force and 20 of District Board employees extend their operations to the whole of the District while the 35 societies of municipal employees and 30 of clerks of Civil and Revenue Courts are confined to workers of the same office. The Societies of this class have from the very beginning shown and maintained a record of uninterrupted growth. During the last 5 years their number, membership and working capital have increased from 94 to 239, from 32,827 to 62,329 and from Rs. 33.41 to Rs. 68.95 lakhs respectively, recording an increase of 154 per cent, 90 per cent and 106 per cent respectively.

Financially, most of these societies are very strong and they borrow from outside only 15.5 per cent of their working capital. As safe repositories of their members' savings they have attracted over Rs. 26 lakhs in deposits and raised an equal amount in shares. Their advances are repaid by instalments which seldom exceed twenty-four months. Loans are usually limited from 6 to 9 months' pay and are advanced on the suretyship of one or two members. Cases of loans on collateral security are rare except where they are given for construction of houses. Recoveries have always been prompt and the overdues form only 1.4 per cent of the outstandings. Even in the worst years the overdues never exceeded 5 per cent and that too because of mismanagement in some societies. The reason of the smallness of overdues is the deduction of societies' demand from the salary bill of borrowing members, who, at the time of their admission, authorise the pay officers to make deductions on the requisition of the societies.

A special feature of some of these societies is that, apart from lending money which they generally do for education, sickness, marriage and other ceremonial expenses, they advance loans for the construction of houses, have introduced mutual benefit fund schemes, and undertaken fidelity guarantee business and are running small consumers' stores and restaurants. In spite of these societies having accumulated in shares and deposits of members over half a crore of rupees, it may be admitted that the majority of members have not yet caught the idea of thrift. We have, however, no evidence to show that credit facilities have led to any extravagance.

The administration of these societies is not always as democratic as it should be. With the head of the office as the President and some of the higher placed officials on the working committee, the free expression of individual views remains suppressed for fear of official

disfavour. In societies working over extensive areas power is apt to be concentrated in the hands of the officials at headquarters, who, with the help of proxies secured from the morussis, manage the whole show sometimes to serve their own personal ends. A better understanding of the objects of the movement will, it is hoped, lead to their eradication.

Societies for Artisans and Traders.—These societies have had a chequered history due to the Great War, foreign competition, trade depression and like causes. From 124 in 1911 their number increased to 188 in 1915 but during the four years of the Great War it went down to 143. In the course of the last two decades there has been an increase of even less than 100, of which over 87 per cent has been witnessed in the last 5 years when their number went up from 166 to 260, membership shot up from 3,342 to 7,452 and working capital increased from Rs. 2·87 to Rs. 3·76 lakhs. These societies are scattered in 38 districts all over the province but more than 50 per cent of them are confined to 8 districts headed by Fyzabad with its 50 societies and 1,571 members.

The average membership per society in the last 20 years has increased from 19 to 29 but the per capita working capital has gone down from Rs. 64 to Rs. 50. Similar has been the trend in membership and working capital in our agricultural credit societies, with whom artisans' societies share most of the virtues and vices. The overdues here are 41 per cent as against 42 per cent there. In their constitution, working and management also they are almost identical.

The urban societies include among others, weavers, durrie-makers, shoe-makers, tanners, sweepers, and petty shop-keepers. The societies of small traders have not shown much improvement because in the words of the Registrar in his report for 1919-1920 the members "are usually less united and more independent and have all along proved unstable and unprogressive as co-operators." Later experience of this class has not been more encouraging. Artisans too have not proved any better. They required both credit and marketing facilities, and to secure a better market for their products the introduction of new designs, standardisation of quality and organisation of sale have been taken up. On the whole, these societies are doing their credit business tolerably well, but as real co-operative institutions, they have much to improve. Apart from the share capital, the individual deposit per member does not exceed Rs. 1-8-0. The Panchayat is often careless and unbusiness-like, the members take little or no interest in the affairs of the society and the brunt of the work falls on the paid staff. Then there are frequent quarrels and factions which we have not succeeded yet in eradicating, nor have we been able to create a real sense of cohesion, responsibility and self-help among members. The financial aid received from the Government of India grant for hand-loom industry has promoted the cause of these societies and helped members to get a better price for their products. The war efforts also have of late provided more work and increased the earnings of members.

CONSUMERS' STORES

As compared with the other important provinces in India, the United Provinces is in a particularly backward condition as far as the development of consumers' co-operation is concerned. From the latest report on the working of co-operative societies in the United Provinces for 1939-40, we find that there are 48 central stores as compared with 32 in 1938-39. Of these 48, 27 supply seeds, 14 supply improved agricultural implements and 7 supply raw materials to the weavers. Of the 49 primary stores in the province during the year, 15 are for the distribution of improved seeds, 6 for the supply of raw materials to the weavers, 9 are college and school stores organized by the students and 15 are general stores for the supply of miscellaneous articles.

The term 'stores', has now a special and a limited meaning. It now generally implies a society of consumers organised on a co-operative basis, which seeks to supply various articles needed for daily consumption by homogeneous groups of people living in a particular locality or as members of a particular community. Of stores in this special sense we have now got only 24 viz., 9 students' stores and 15 general stores. This undoubtedly is a very poor record for a province consisting of over 55 millions of people, inhabiting an area of over 1,06,000 square miles.

We had indeed begun well in this province. The Co-operative Societies Act was passed in 1904 and within 3 years the Kashi Co-operative Stores was started in March 1907 for the sale of articles in general use to the members as well as to the public. The Sandila General Co-operative Stores organized in 1911 also worked very satisfactorily for some years. It rapidly increased its sales and turnover, and by 1917-18 its working capital increased from Rs. 15,716 to Rs. 22,491. Cash sales rose rapidly to members and non-members as well. Profits increased from Rs. 1,090 to Rs. 2,591. It distributed a dividend of 6¼ per cent and a bonus on cash purchases. The Cawnpore Co-operative Stores did well for many years but ultimately it failed and it had to be converted into a credit society.

The Benares Hindu College Stores was organized in 1912 and for some years it showed considerable progress. For some time, it aroused real interest among the students and thus made rapid progress. The Lalimli Society in Cawnpore (1913) combined credit with stores business and for some years it did well under excellent management. The Mirzapur Stores was organised in 1914-15. Another stores was started in the same year at the Macdonnell Hindu Boarding House at Allahabad. In 1916-17, the Oxford and Cambridge Hostel Stores was organized at Allahabad. A similar Stores was also started at the same time at the Hindu Boarding House at Meerut.

The Fyzabad Officials' Co-operative Stores and the Jhansi Clerks' Society were both organized in 1920. The former failed—due to lack

of interest on the part of the members and it had to be closed in 1922-23. The Aligarh University Stores was started in 1920 but it failed in 1935.

Year after year, from 1906, we have been trying to organize new or to improve old stores, but, it must be confessed, our net achievement is much too small to justify any large measure of local pride or self-satisfaction. The Kashi Co-operative Stores—the first we had—suffered from weak management and its failure to attract sufficient customers. It needed an experienced whole-time manager and a large capital outlay to make it profitable. The inadequacy of capital was fatal. A rapid extension of trading department without expert management led to losses and ultimately it had to be closed down.

The Sandila General Stores—at one time the pride of the province—suffered badly through unwise extensions of credit sales. The credit outstandings in 1917-18 rose to Rs. 4,244. Its condition became precarious in 1924-25 when it suffered heavy losses. The Laliml Society did badly through mismanagement and a combination of credit with stores business—a combination that proved extremely unwise in the end. The same difficulty applied to the Cawnpore Swadeshi Stores as well. All co-operation gradually evaporated from it and it was ultimately forced to close its distributive business in 1915-16.

The Benares Hindu College Stores suffered through mismanagement. An inefficient staff was allowed a free hand with the result that it had to be closed down in 1910-1916. The manager was prosecuted for misappropriation and was sentenced to imprisonment. The Macdonnell Hindu Boarding Stores at Allahabad broke down through internal dissensions on the one hand and its thoroughly imprudent venture into milk supply on the other. It suffered when its original promoters and other zealous workers left the College in course of time.

This is not unnatural. The life of a student in a College or University is limited. At most, it now extends to 4 years. His interest therefore is limited. Add to this the fact that the student's stay in the College or University covers only about 8 or 9 months in the year. If he is loyal, his stores will get his custom for 8 or 9 months only, but it will have to meet all establishment charges for 12 months in the year. This is not a commercial proposition at all. The keen competition of the *bania* (small trader) everywhere is another factor against the stores.

The Meerut College Stores suffered due to the poor interest taken by the students and consequent mismanagement. If students will take no interest in their stores or prove disloyal to them no stores can possibly succeed. It rapidly declined when its early promoters left the college in course of time. The Christ Church College Store suffered due to the abolition of the B.A. classes.

The most serious defect of students' stores is the fact that a student is a student and in 99 per cent of cases, he is really nothing more. It is idle and unfair to expect that he can be converted into an efficient businessman at a moment's notice. To run a stores successfully, the students

must be experts in purchasing—not one but—a large number of commodities, they must be expert salesmen and they must be expert accountants. We expect all this from them at a moment's notice—the moment they join the society—without any preliminary training or experience. They imagine that they can prove to be excellent businessmen if only they had a chance. This is very far from true and no wonder we have to pay for it.

The Mirzapur Stores went beyond judicious limits in extending credit sales. The cost of management also increased and profits declined and ultimately it had to be closed down in 1922-23. The Muslim University Stores did well for some years but its account system was defective and it had to be liquidated in 1934-35. Most of the students' stores follow from the enthusiasm of a few early promoters. But when they go away they carry away all the enthusiasm with them leaving a vacuum behind.

The margin of profits now-a-days in ordinary retail trade is so low that there is little scope for co-operative stores. Its cost of establishment must be reduced to a minimum and all services—except that of the paid manager—must be honorary. Cash sales are essential because credit sales have always led to disaster. A large part of the reserves is also locked up in credit and this restricts the size of the business. The disloyalty of members is a serious factor and no stores can thrive unless its members are loyal to it. Management must be both efficient and honest and the absence of one or the other would be fatal for even the strongest stores.

These are our difficulties. Has the stores movement failed because of them? Judged by numbers, of course it has failed so far. But let us not forget some essential things; the consumers' movement is still new to this country and the people have yet to realise its far-reaching potentialities. Again stores cannot—in these days—be successfully run individually by themselves in water-tight compartments. We must develop federation of these stores as in the west.

PURCHASE AND SALE SOCIETIES

The need for starting purchase and sale societies was felt soon after the introduction of the co-operative movement in the Province and in the very first year of the passing of the Co-operative Societies' Act the possibility of setting up supply organisations began to be explored in these provinces. As early as 1905, we had about a dozen seed supply societies round about Amethi in Sultanpur District. About 1910 the Mainpuri Agricultural Supply Society was started for supply of seed and implements to agriculturists all over the district. Similar organisations were set up at Hardoi, Roorkee and a few other places but in almost all cases, after the enthusiasm of the first few years had waned, they deteriorated and have all collapsed. Their failure has largely been due to mismanagement, lack of experience and ignorance of business methods and

also because they tried to operate over an area too extensive for them to control.

Recent experiments with small stores serving a few villages of a locality, have shown good results and consequently they are steadily increasing. During the last four years from 1936 to 1940 the number has gone up from 14 to 46. The scope for expansion in this direction is unlimited. The main business here is the supply of seed which, next to cash, is the most pressing requirement of our cultivators. Roughly about 75 per cent of them borrow it from village mahajans whose supply is often of indifferent quality. The business is lucrative and pretty safe too. The cultivator may default in case of a cash loan but seldom is repayment of a seed advance withheld and that for fear of refusal at the next harvest when the defaulter may have his fields left unsown. The difficulty with these stores is about the maintenance of the purity of seed. The improved seed borrowed from the Department of Agriculture tends rapidly to deteriorate in the hands of our cultivators in spite of all possible precautions. Suggestion has often been made to sell off all stock below the standard and to purchase grain of good quality from selected cultivators, whose fields have before hand been subjected to proper weeding and roguing and the harvest given a separate threshing. But unfortunately the field staff has seldom acted upto it.

It has been found that with proper facilities for storage and honest management, which need not be expert, a store with about 2,000 maunds of seed easily pays its way and, if nothing untoward happens, may within ten years of its start, work with its own funds. With about a score of credit societies in the neighbourhood each subscribing from Rs. 5 to Rs. 100 according to its financial position towards its share capital and with some subsidy from the Government for the construction of a godown and with the greater part of its funds borrowed from the district bank at 6 per cent, the seed store starts its business with a clerk at Rs. 15 and a chowkidar at about Rs. 7 under the supervision of the credit supervisor who keeps an effective watch over its working and helps in the collection of its dues. The 9 central and 8 primary seed stores of Partabgarh are dealing in 7,000 maunds of seed and have so far succeeded in introducing about 350 Weston Ploughs, a number of three-roller cane-crushers, chaff-cutters and other improved implements. Some of these stores are lodged in hired buildings. A passing reference may here be made of some special type societies started in recent years. The 20 'Khowa' societies organised round about Rampur Garahvan Central Bank, in the interior of Unao district, purchased some 3,600 maunds of milk, converted it into 'Khowa' and disposed it off at a profit in Lucknow and Calcutta markets. In two years' time over 100 improved types of milch cattle have been introduced. The Bilagram Cotton Sale Society which introduced an improved variety of cotton in Hardoi district, purchases the produce of members at a premium and then sells it off. It has often given bonus out of profits. The Basmati Rice Society of Dehra Dun, the Milk Supply Societies of Lucknow and the numerous Ghee Societies of Agra, Etawah, Meerut and other places are all doing purchase and sale business in considerable volume.

MARKETING OF AGRICULTURAL PRODUCE

As regards agricultural marketing nothing had been done so far beyond a few haphazard experiments and this because of the difficulties and risks involved in the business. The first serious attempt was the Grain Scheme of the Moradabad District Bank which worked for 8 years from 1931 to 1938 and improved its collections from 22 per cent in the first year to 99 per cent in the last, all during the severe agricultural depression. In the last year grain worth over Rs. 1 lakh was purchased by the bank from members of its affiliated societies through commission agents appointed by it. Under this scheme the members were allowed from about six to nine pies in the rupee more than what they could obtain in the open market besides exemption from payment of market charges and in case of profits we were offered some bonus as well. The lesson learnt from the experiment is that the stock should not be held after the prices have stabilised towards the close of the glut season. Twice did the bank indulge in speculation and each time it stumbled:

In 1938-39 a comprehensive scheme of the marketing of agricultural produce was approved by Government and was put into operation in March 1939. The scheme is based on a systematic plan of development and contemplates the organisation of marketing unions at important *mandis* (grain markets) in the Province. All the societies operating within a certain distance become members of the Union. The commodities selected for marketing are generally wheat, gram, *arhar* and oilseeds, etc. No particular method of sale is recommended for adoption by the staff. The Assistant Registrars have full discretion in the matter in accordance with local conditions and circumstances.

The scheme has completed two years of its working. During 1938-39 it was tried at 86 centres of the province and the system of outright purchase as well as that of sale on commission were generally adopted. In the western districts we have the 'arhat' system where the members sell their produce through an approved commission agent or a co-operative commission shop and occasionally obtain an advance upto 70 per cent of the value of the produce deposited. The outright purchase system is popular in the east where most of the produce is sold to small *beoparies* (dealers) in the village. The society or the marketing union purchases the produce, pays for it in cash and takes upon itself the entire risk. The cultivator gets the full value for his produce with prospects of some bonus in the future. The total quantity of grain handled by societies was 2.23 lakhs maunds of the approximate value of Rs. 7 lakhs of which 1.95 lakhs maunds were sold to various agencies inclusive of 31,000 maunds to district and central jails. The societies made a profit of over Rs. 7,000 besides the sum earned in commission.

During 1939-40 the number of centres rose to 152 in 43 districts of the province and the commodities marketed continued to be, in the main, cereals and oilseeds. In order to facilitate the operations, 55

marketing unions were organised in important *mandis* and different methods of sale were adopted at various centres. The result of the experiment was a varied one. During the year, a business of Rs. 8,44,293 was done when grain to the extent of 2,97,323 maunds was handled at about 100 centres. Some of the societies could make profits amounting to Rs. 10,391 while others sustained losses totalling Rs. 16,056. The abnormal conditions created by the war were chiefly responsible for the losses.

The Marketing Bill.—This is the third year of the working of the scheme. The financial help from Government is in the form of (1) a subsidy of Rs. 19,000 for meeting losses of the unions, (2) a grant of Rs. 5,000 for marketing organisations to meet establishment charges and (3) a further grant of Rs. 1,00,030 for the employment of supervisors. Besides, the Government have provided an additional staff of 15 inspectors and 20 auditors, all for marketing. On the whole the scheme has proved beneficial in more ways than one. The members have been spared not only fraudulent weightment, arbitrary deductions and other mal-practices but they have generally been paid better prices. Though worked only on a limited scale during the last two years the potentialities of the scheme have become apparent.

The United Provinces Agricultural Produce Marketing Bill, when passed into an Act, will make it obligatory on the member to sell his produce only through his co-operative society. This will considerably strengthen the position of the producer and will enable him to secure the best possible price for his produce.

Societies for Consolidation of Holdings.—The societies for consolidation of holdings numbered 182 on June 30, 1940. The total area consolidated is 77,672 bighas, reducing 92,924 plots to 8,897. Since the passing of the Consolidation of Holdings Act (VIII of 1939) the work is being done both by revenue authorities and the officials of the Co-operative Department.

Societies for Women.—The number of women societies, registered and unregistered on June 30, 1940 was 128, the total number of members being 2,487. Thrift deposits of members amounted to Rs. 10,687 while deposits in grain weighed 314 maunds.

SPECIAL TYPES OF SOCIETIES

Cane Development and Marketing Societies.—The Cane Development Scheme was initiated towards the end of 1935 with the help of the Government of India grant from the Sugar Excise Fund. The Government offered to develop the cane in the home areas of such factories as were willing to pay Rs. 3,000 a year towards the estimated cost of Rs. 9,000 per factory area and to purchase cane through a co-operative society paying commission on supplies. Under the scheme

each zone was expected to develop an area likely to yield 2,000 to 2,500 acres of cane annually in the vicinity of the factory through a staff of one Assistant Cane Development Officer, three supervisors and nine *kamdars* (field men).

To start with, 22 factories joined the scheme, five more came later on and three of them secured double zones. A slight modification of the scheme was also offered under which the Government undertook only the improvement and development of sugarcane while marketing was to be in the hands of the factory itself. In this case, the factory contributed Rs. 6,000 a year. A further impetus was given to the scheme in 1938, when Government decided to develop the areas of factories without asking them to contribute towards the cost of the scheme. The rapid progress made by the scheme since 1935 is indicated by the fact that in 1939-40 the number of zones under it was 136 and the number of villages covered was 13,826. The scheme now extends to the areas of almost all the sugar factories in the province.

For the successful working of the scheme the province is divided into three ranges—western, central and eastern. These ranges are in charge of three Cane Development Officers who are assisted by ten Deputy Cane Development Officers and Additional Deputy Cane Development Officers. The staff employed in addition to the above, consists of 137 assistant cane development officers, 38 auditors, 360 supervisors and 1,082 *kamdars*. The Government expenditure on the scheme amounts to over Rs. 10 lakhs annually.

It is significant to note that the method of approach to the work is co-operative. There are 66 central co-operative cane supply unions and 839 primary cane societies with a total membership of nearly 5 lakhs for the development of cane and its supply to the factories. The concessions given under the United Provinces Sugar Factories' Control Act of 1938 (a right to get a contract, a right to a reasonable commission, a right to equitable purchase and compulsory arbitration), have enabled rapid expansion of these societies since 1938. Usually, the growers are direct members of the Union and are in general meetings represented by delegates elected villagewar. The delegates in their turn elect directors, who along with one or two nominees of the cane development officers and Collectors and in many cases also of sugar mills, form the Board of Directors which is the executive body of the Union.

The development of cane embraces the supply of improved cane and the establishment of late and early ripening varieties in suitable proportion, introduction of better manuring practices and better methods of cultivation, counteraction against excessive and improper ratooning and lastly preventing measures against pests. During 1939-40, over 32 lakhs of maunds of improved seeds were distributed to the cane growers. The total quantity of various fertilizers distributed in all the three ranges was over 2 lakhs of maunds. The number of implements distributed was 57,000.

The objects of marketing are to ensure proper price and correct weightment to the growers, to regulate supplies and above all to organise growers so that they may learn to adopt better agricultural practices and arrange for the cheap supply of credit. The usual procedure is that an elaborate surveying of the cane available with members of societies is made before the crushing season and on the basis of it roasters for the supply of cane are prepared. Requisition slips are issued to members two days ahead of the date of supply and at the weighbridge the societies' representatives and clerks watch weightments and maintain records of supplies. Supervision is also exercised at the time of payment of price. The total quantity of cane supplied by the Unions during the year was 12.77 crore maunds, i.e., 70 per cent of the cane crushed by the factories in the province. In the western range, the societies supplied as much as 88 per cent of the cane crushed by the factories.

A number of village welfare activities are also taken up by the societies of all the three ranges. Of these, the most important is the improvement of village roads. In all the three ranges there is in each zone a rural development fund which is built up by contributions from members and the factories alike. A sum of Rs. 67,359 was spent by the societies of the western range on this item in 1939-40. This fund is also utilised for the repairs and construction of wells, roads and culverts. A number of Dunlop tyred carts have been purchased from such funds in the Eastern and Western ranges for the transport of cane. The central range runs about 102 adult schools and deposits from members amount to nearly Rs. 1,00,858.

Ghee Societies.—Ghee making in the United Provinces is an important source of supplementary income to the agriculturists. It is largely produced in the western districts such as Etawah, Mainpuri, Agra, Aligarh, Meerut and Bulandshahr. Marketing of ghee, however, is practically in the hands of middlemen, namely, ghee merchants who adulterate it with vegetable ghee or with cheaper and inferior foreign fats and oils. The result is that while on the one hand the public have to consume large quantities of adulterated ghee, the producers are paid Rs. 15 to Rs. 25 less per maund than the market rate on the other.

It is, therefore, to ensure the supply of unadulterated ghee to the consumers and to secure the highest possible price to the producers that the organisation of ghee societies in the United Provinces was taken up. The first society was organised at Chaubon-ka-pura in the Agra District in 1929. The success achieved led to the organisation of similar societies in this district as well as in the neighbouring districts of Mainpuri and Etawah. There are at present 657 societies with a membership of about 9,000 in the province. This expansion has been possible due to the increase in the annual Government grant from Rs. 12,500 to Rs. 25,000.

The societies are organised on the principle of one village, one society. Every person who owns a milch cow or she-buffalo or

intends to purchase one can become a member of the society. As soon as a milch animal of a member calves, the society enters into a contract with him for a fixed quantity of ghee. The rate is fixed at Rs. 8 to Rs. 10 less per maund than the market rate in contrast to Rs. 15 to Rs. 25 per maund given by ghee merchants. The whole of the contract money is paid to the member in a lump sum which is appreciated by him while the merchants pay him in dribbles or in kind much to the loss of the producers. The member, on his part, executes an agreement in favour of the society for the sale of ghee after he has received the contract money. Ghee is weighed every fortnight by the Panchayat of the society. Only such ghee as is unadulterated and conforms to the proper standard is accepted. The Panchayat particularly sees that ghee is correctly weighed and proper accounts are kept to the entire satisfaction of members. The margin of Rs. 8 to Rs. 10 between the rates of ghee of members fixed by the society and the prevailing market rates, covers interest charges on money advanced, management expenses, creation of reserve and other funds. A part of this margin goes to the members in the form of patronage, refund or bonus on the basis of the quantity of ghee collected from them.

Besides the central co-operative banks which act as the financing agencies, the societies are affiliated to six central co-operative ghee unions, one each at Meerut, Bulandshahr, Agra, Etawah and two at Mainpuri. Of the total number, 556 societies are affiliated to the ghee sale unions referred to above. Muttra, Jalaun, Banda, Etah, Hardoi, Moradabad and Jhansi account for the rest. The bulk of the work is, however, carried on in the districts of Etawah, Mainpuri and Agra which are pioneers in this respect. The sales of ghee amounted to Rs. 2,15,387 yielding a profit of Rs. 50,361 during 1939-40. A sum of Rs. 8,501 was paid to the members by way of bonus.

In view of the increasing facilities for adulteration afforded by vegetable ghee shops, suitable measures for the testing of ghee have been taken. The societies seal tins in a manner that prevents adulteration in the course of transit. A few unions only use refractometers. The question of evolving a distinct brand for co-operative ghee is also under consideration.

Milk Societies.—The dairy and milk societies which taken together number twenty-five, tackle the problem of milk supply in urban areas on an organised basis. The advantages from these societies are principally two-fold. The members of milk societies, namely, poor agriculturists get better prices for their milk and are economically free from the dictates of town *halwais* (sweets) and *doodhwalas* (milk-vendors) while townsmen are assured of a regular and unadulterated supply of milk at reasonable prices.

The Lucknow Milk Union.—Of these societies, the most important is the Lucknow Co-operative Milk Union which was registered in 1937. It derives its milk supply not only from its 13 registered

societies but also from members of 19 credit societies and people of 47 villages. A grant of Rs. 30,400 was received from Government in 1938 out of which Rs. 5,400 was for the construction of common milking sheds and wells in the society villages and the balance for the purchase of scientific apparatus and machinery including a milk van. The milk handled during 1939-40 amounted to about 12,000 maunds of which nearly 2,000 maunds was turned into butter and ghee for sale to the customers. The sales, all told, fetched over Rs. 55,000 of which Rs. 36,000 was paid on account of the price of milk. The daily sales of the Union now average over 35 maunds, i.e., about one-tenth of the milk consumption in the Lucknow City per day. The Union also arranges from time to time for the purchase of cattle of heavy milking breeds from Hissar for members of its affiliated societies and has equipped itself with a milk van and a refrigerator. About 1,000 families in the city get their milk supply at their very door besides 22 schools and hotels who are supplied with their quota in sealed bottles. The Union has its distributing centre at Lucknow and two collecting centres one each situated at Bakshi-ka-talab and Goshian-ganj at a distance of 12 and 14 miles respectively from Lucknow.

The milking is done by the members of societies under the supervision of the Panchayat at one common place in the village. Cans are locked before despatch and thus efforts are made to check adulteration at the society. Milk from societies is taken to the collecting centres on bicycles, headloads or *behangis*. It is tested there through lactometer and then heated to 160°F. over water. The hot milk is then put into big cans and is properly sealed before it is transported to the headquarters of the Union, namely, the distributing centre.

Milk is invariably tested for its purity on arrival at the distributing centre. It is then cooled on the aerator to about 50° F. and put in cold storage. The Union maintains a number of distributors for door-to-door delivery and also permits window sales. In order to check adulteration, surprise visits are paid by the officers of the Union who collect milk from the carriers' cans, test it and see if it is of the same standard as it is issued from the Union.

The Union is almost a self-supporting institution. It employs over 150 persons and pays about Rs. 1,200 on account of salaries and wages every month. It has made much progress during the short period of its existence and its growing popularity has bright prospects in future.

Milk Union for Allahabad.—A grant of Rs. 10,000 has recently been sanctioned by Government for expenditure on plant and apparatus in connection with the scheme of organisation of co-operative supply of milk at Allahabad. This Union which will be a prototype of the Lucknow Milk Union is expected to begin work shortly.

Weavers' Societies.—To relax the bonds of economic serfdom and the grip of middlemen over the weavers and others, who are engaged in small cottage industries co-operation was introduced among them first in the form of credit and later for supply and marketing. The hand-

loom industry received the greatest attention. Benares and later on Sandila, Tanda and Barabanki have been the chief centres of activity and recently operations have been extending to Basti, Gorakhpur, Etawah and Azamgarh districts. All these places have a central store for supply of raw materials, for securing orders and for disposal of manufactured goods which cover a wide range and have an extended sale.

The Sandila societies which have specialised in the manufacture of jaconet cloth, gauze and bandage cloth, supplied in 1940, 1,55,000 yards of bandage to hospitals and have received large orders for these and also for *Nawar* for war supply. The Sandila Yarn Stores started about 1909 was a most successful organisation for many years. It supplied cheap and improved yarn to its members who escaped the heavy interest on credit purchases made from the dealers. Its sale of yarn increased from Rs. 55,000 in 1912-13 to Rs. 1,61,661 in 1919-20. Its membership also rose rapidly. In 1919-20, it distributed dividend at over 8 per cent and bonus of Rs. 4-11-0 per cent on cash purchases. In 1921-22 the stores developed further and it started a handloom factory as a side business. Though one of our most successful concerns at one time, it suffered through disloyalty and dishonesty of some of the members. They began to purchase yarn for non-members and thus on the one hand they earned unfair bonus and on the other they discouraged the admission of new members. Sales to members increased rapidly while those to non-members heavily declined. The stores found no effective or practical step to prevent such *mala-fide* purchases and it suffered badly on account of it.

The Mason Industrial Federation of Barabanki sold Rs. 30,000 worth of goods mostly to Lucknow Handloom Emporium and is planning to open an agency in Eastern Bengal. The Agra Store of Durrie-makers, one of the oldest institutions of this kind, however, never had a bright day and is only increasing its losses. The 'Garha' Stores of Basti and Gorakhpur are running on sound lines and did business worth Rs. 17,600 and Rs. 55,000 respectively.

It may be mentioned that these organisations have seldom had a smooth sailing. Conditions of trade and internal dissensions have often dragged them to the verge of a collapse but tactful handling and outside financial aid have rescued them from the awkward situations. Occasional subsidy and loans from Government, orders from Store Purchase Department and recently from Lucknow Emporium have all helped to keep them going. The use that the War Supply Department is now making of their services will materially help them to success. The order for "Tat-patti" components, worth about Rs. 1,25,000 placed with the Parthagarh District Bank has given a great impetus to organising this village industry on a sound co-operative basis. The business capacity of the members, however, still continues to be low and they are largely managed by paid staff.

Labour Societies.—There are also 8 credit societies of mill employees, 6 in Cawnpore, and one each in Saharanpur Cigarette Factory and Bahjoi Glass Works in Moradabad District. The oldest is the Lalimli Co-operative Society registered in 1914 with both a credit

and a stores branch, the latter having been closed in 1920. It has over 800 members and a working capital of Rs. 36,000. The Kakomi Mills and the Government Harness and Saddlery Factory work with Rs. 55,000 and Rs. 75,000 respectively. Since the creation of a separate post of Labour Commissioner for the Province more attention is being given to this class. A few stores for the supply of food grains to mill hands are already working and a more rapid advance in this direction is expected in the near future.

THE UNITED PROVINCES CO-OPERATIVE UNION

The United Provinces Co-operative Union, Lucknow, was formed in the year 1928 and started functioning since the July of the same year. Its objects among others are (a) to develop and strengthen the co-operative movement in the Province; (b) to bring together co-operative institutions for common endeavour and to create a community of interest among them; (c) to train and maintain a suitable staff for the supervision of co-operative societies affiliated to such banks as have elected to entrust the supervision work to the Union; and (d) to arrange for popularising the movement by publication of co-operative literature and organisation of conferences, dramas and exhibitions. Out of the 70 central banks in the Province 60 have joined the Union so far. Isolated societies are also eligible for membership and 36 such societies have been enrolled as members.

The Registrar, Co-operative Societies, is the Ex-officio President of the Union and carries on the day-to-day work with the help of a Secretary. An Executive Committee consisting of five elected and two ex-officio members meets at least once in two months and disposes of all business connected with administration and control. The main deliberative and advisory body is the Provincial Committee of the Union which elects members to the Executive Committee once every three years. It meets twice a year and consists of 36 members elected by the General Body, 16 ex-officio members, and five co-opted members of whom two are ladies. The General Body, which elects members to the Provincial Committee, is composed of 16 ex-officio members, 7 co-opted members and about 160 delegates appointed by the member-banks and societies. The General Body meets once a year.

The Union maintains a staff of about 500 supervisors. Out of these 256 are credit supervisors. 55 per cent of their cost is paid by members for such strength of the staff as is normally their due. For staff required in excess the members have to contribute in full. The Government is expected to contribute a sum equal to that paid by the banks but for some time past the Government grant has remained stationary at Rs. 75,000 as against the aggregate contribution by the members averaging to Rs. 1,08,840. Government are, however, giving grants to defray the full cost of supervisors employed on work other than credit—such as supervision of societies for supply of ghee and milk, fruit development, improvement of poultry, consolidation of holdings and work among women and Harijans. The total grant during the financial year

1940-41 for such activities amounted to Rs. 43,330. As certain activities taken up by the Union do not bring in any income from members, it finds it difficult to balance the budget and looks up to Government for further help to maintain such activities.

The Union maintains a training institute, and only those duly trained by the institute are eligible for appointment as Supervisors under the Union. The training of bank accountants is also arranged for occasionally. For diffusing knowledge of co-operation among the general public it publishes quarterly '*The U. P. Co-operative Journal*'. A Provincial Co-operative Conference is also organised every year with the same end in view.

Among the special activities that deserve mention are the organisation of Ghee, Milk and Cane supply, marketing of agricultural produce, organisation of societies for arbitration and consolidation of holdings, and work among women and Harijans. Ghee societies on the 30th June 1940 were 607 in number. They handled Ghee worth Rs. 2,15,337 and made a net profit of Rs. 50,361. The Co-operative Milk Supply Union of Lucknow has been highly spoken of by the Director of Dairy Research in India. It handled 13,690 maunds of milk in 1940-41, and arranged for door to door supply, catering to the requirements of about 900 customers. The problem is being tackled in two other districts as well.

SUPERVISION, EDUCATION AND AUDIT

SUPERVISION

The supervision of co-operative societies in the United Provinces rests with the United Provinces Co-operative Union, a registered non-official body with the Registrar of Co-operative Societies as its President. The main objects of the Union are to arrange for proper supervision of societies and to impart co-operative education to those in the movement. For this purpose the Union recruits, trains and maintains a staff of supervisors.

The membership of the Union is open to district and central banks, big isolated societies and other important co-operative organisations. Nearly all important banks and big societies have by now joined the Union. The Union consists of a General body, a Provincial Committee which is the chief deliberative committee and an Executive Committee, which is invested with large powers in order to carry on the day-to-day administration.

The recruitment of the supervisors is made from candidates who are domiciled in the Province and are between 20 and 27 years of age. The minimum qualification required is Vernacular Final Examination but preference is given to those who have also passed the High School examination or its equivalent. Emphasis is laid on the selected candidates possessing a strong rural bias and an aptitude for social work. A preliminary selection is made by the divisional committees consist-

ing of the Assistant Registrar of the circle and two non-official co-operators. Those selected by these committees are required to undergo a preliminary training for two months and are finally selected by a central selection committee of the United Provinces Co-operative Union.

Supervisors.—After the final selection the candidates have to undergo another training for 7 months at their own cost. An examination is held at the end of the period and after passing the examination, the candidates become qualified for appointment as supervisors provided they are declared medically fit. The supervisor is the employee of the Union. The total number of supervisors under the supervision of the Union on the 30th June, 1941 was 483. The income of the Union both from its member banks and societies and Government grants was on the 30th June, 1941, Rs. 3.53 lakhs. With the development of the movement the number of supervisors under the Union is rapidly increasing and the responsibilities of the Union are correspondingly enhancing. A supervisor generally works under the control of the circle officer, namely, the Inspector, superior control being exercised by the Assistant Registrar. He has to keep himself in close touch with the co-operative bank to which he is attached and has also to help the bank in its transactions with the societies affiliated to it. Before a transfer of the supervisor is effected, the Assistant Registrar and the Managing Director of the bank concerned are usually consulted. In cases of punishment the charges are dealt with by a local committee consisting of the Assistant Registrar and one of the Directors of the bank concerned whose report is considered by the Executive Committee of the Union. The duties of a supervisor are, briefly speaking, supervision, education and organisation of societies. As a supervisor he is responsible for proper supervision of about 30 societies entrusted to his charge and the education of their constituent members. As an organiser, he organises societies in new areas or fills up gaps just to make a compact group. He has to stay in the villages for about 20 days in the month and has to look to the proper working of the societies. The work of a supervisor is supervised by the Inspector who inspects the societies of his circle on the spot, gives him necessary directions and sees that they are properly carried out. The touring of the supervisor and his other work is checked with the help of the fortnightly diaries and the monthly progress reports that a supervisor is required to submit. The societies in charge of a supervisor are also inspected by the Assistant Registrar from time to time and the yearly audit of societies, particularly, the circle reports submitted by the auditor afford adequate facilities for gaining an insight into his work. The directors of banks and members of the Provincial Committee may also inspect societies affiliated to their banks but this is seldom done in practice.

EDUCATION

Co-operative education in the United Provinces may be divided into four principal types, namely, (1) training of the staff, (2) educa-

tion of members, (3) education of the public in general and (4) education of the adults and youth in particular. Through all these types there runs a common method of education which distinguishes co-operative education from the usual formal schooling. The aim and end of co-operative education is that it must lead to co-operative action.

Training of the Staff.—The training of the gazetted staff of the Department in the theory and practice of co-operation is imparted by attaching them to senior Assistant Registrars and by deputing them to other provinces for a comparative study of the working of co-operative societies. The theoretical training of the subordinate field-staff of inspectors, auditors and supervisors is conducted at the Co-operative Institute at Partabgarh which is also the headquarters of a Deputy Director of the Agricultural Department and there is an agricultural farm close to the Institute. The training at the Institute is in the hands of two experienced Inspectors of the Department who are in charge of the classes. Under a system of periodical inter-change of these two inspectors with those working in the field, the practical aspect of training is kept intact. The usual class at the Institute is that of the supervisors and classes for the Inspectors and Auditors are held whenever fresh recruitment is made. Practical training is given in the circles of inspectors, auditors and supervisors. The classes for bank managers and accountants are held when a sufficient number of these officers is forthcoming for training and there is no regular class at the Institute.

Refresher Classes are also held from time to time for the benefit of the inspectors, auditors and supervisors in the circle of each Assistant Registrar in order to brush up their knowledge and to keep them abreast of the latest developments in the field of co-operation. They are generally held from September to November and last from eight to ten days. Practical difficulties are also discussed in these classes, suggestions for improvement of work are adopted and the future programme of work is chalked out.

Education of Members.—The great problem in the co-operative movement has been the education of members. Thanks to the Government of India's grant of Rs. 1,00,950 to the Department in 1936 under a comprehensive scheme of co-operative training and education, 27,572 *panchas* (members of managing committee) and 7,274 secretaries of over 3,000 societies have been trained during the past four years. A nucleus of trained leaders has thus been built up in the societies and it has produced good results in their working. The allotment sanctioned by the Government of India to finance the scheme of training the *panchas* and secretaries has now been utilised in full. The local Government do not find it possible to allot funds for the purpose from provincial revenues in view of the prevailing financial stringency. Encouraged by the good results so far obtained it has been decided to continue the scheme in a curtailed form, with the help of contributions from societies at the rate of Rs. 0.1-6 per cent on their working capital.

Education of the Public.—It is to arouse the sympathies of the public that the Department established a Publicity Section in charge of a Publicity Officer in 1939. The four important means of publicity, namely press, platform, picture and the radio are utilised for the purpose. Articles and notes on co-operation and allied subjects are published in English and Hindustani papers of the province. The Union is running a quarterly English periodical since 1925—*viz.*, the United Provinces Co-operative journal—edited by a member of the Lucknow University Staff—for the wide diffusion of co-operative ideas in the province and generally for creating a wider public interest in the movement. Lectures are delivered at meetings and conferences organised as a part of propaganda campaign. Charts, posters and slides on co-operative activities are prepared and explained to the visitors in exhibitions, *melas* and fairs. Talks are also arranged with the radio authorities at Lucknow and the officials and non-officials speak in Hindustani on the various aspects of the movement.

Education of Adults and Youth.—There is an Adult Education Inspector in the Department for tackling the problem of illiteracy among adults. A regular Institute for the training of the teachers to take up the education of adults is run at Gorakhpur under the direct supervision of the Department. A large number of teachers has been trained and they are running adult schools maintained by societies in different districts. Owing to financial stringency the work of the Institute has been suspended for the present.

Lectures on co-operation are delivered in schools and colleges from time to time in order to make the students interested in the movement. It is also proposed to encourage thrift societies among them with a view to make them co-operative minded. The work will be extended to other channels such as the sale of stationery, books, sport materials and the supply of refreshments to the pupils in the light of experiences gained.

AUDIT

The audit of the co-operative societies in the United Provinces is carried out through a staff of departmental auditors specifically trained for the purpose and working under the direct control of the Registrar and paid by Government. Auditors are exclusively meant for audit work and have no connection either with the day-to-day administration of societies or with supervision and organisation.

At present there are 81 departmental auditors who for administrative control have been placed under the various Assistant Registrars. Soon after the close of the year every Assistant Registrar takes stock of audit work to be done in his circle in the ensuing year and distributes it among his auditors. As far as possible each auditor is allotted one central bank and 120 primaries and is expected to audit them within the year. The audit of special societies (limited liability societies and stores) is also done by them. The allotment is, however, varied in the light of the amount of work to be done.

Levy of Audit fee.—The audit levy from societies is 3 annas and 6 pies per Rs. 100 of working capital, subject to a maximum of Rs. 100. Except in the case of societies working with 75 per cent or more of their own capital, audit fees are paid by central banks to which the primaries are affiliated. In case of central banks, the rate is six annas for every Rs. 100 of the working capital, subject to a maximum of Rs. 200. The maximum levy for central banks is reached with a capital of about Rs. 53,000. On the whole the audit charges are met to the extent of nearly half out of levies from the societies and banks and the rest from contributions from the Government.

Auditors are required to inform the supervisors of their intended visit to the area at least a fortnight in advance so that necessary papers may be arranged and made ready for audit. The audit of every society is done on the spot and the auditor is required to make a night halt and get as far as possible the objections removed in his presence in the meeting of the society called for the purpose.

The separation of audit from inspection has been under consideration of the Department for sometime past and we have now evolved a new system of audit called the 'unitary system,' under which a Senior Auditor is posted at the headquarters of each Assistant Registrar charged with the duty of review and re-audit on behalf of the Assistant Registrar. This system has not only made the audit of accounts more independent and impartial but has also spared a good deal of the time for the inspectors to be devoted to inspection and supervision.

The present audit staff is inadequate to cope with the audit of an ever increasing number of societies. But as it has not been found possible to make any appreciable addition to the existing audit establishment, the Registrar entrusts the audit of some central banks and big isolated societies to Registered Accountants and fee-paid auditors. Even then a large number of societies remain without an audit and the need for more auditors is genuine and acute.

PRINCIPAL NEEDS OF THE FARMER

Business Needs :

1. Better Farm Production, 2. Better Marketing Facilities, 3. Better Means of Securing Farm Supplies, 4. Better Credit Facilities, 5. Better Means of Communications ;

Social Needs :

6. Better Educational Facilities, 7. Better Sanitation, 8. Better Opportunities of Recreation, 9. Beautification of Country-side, and 10. Better Home Economics.

—PROF. T. N. CARVER.

AJMER—MERWARA

Provincial Editor

SRI L. BHANWARLAL MATHUR,
*Registrar of Co-operative Societies,
Ajmer—Merwara.*

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AJMER—MERWARA

General Features.—Ajmer-Merwara is a small province situated in the heart of Rajputana. Ajmer was ceded to the British under a treaty in 1818 by Daulat Rao Scindia, and was administered separately till 1832 when it was transferred to the then North-Western Provinces of which it remained a part till 1871. Merwara also came under British influence in 1889. It was made up of three portions, British, Marwar and Mewar. The British Government took over the portions belonging to Mewar and Marwar by entering into engagements with those states in 1824. It remained a separate administrative unit till 1842 since when it began to be administered conjointly with Ajmer. Both remained as separate districts till 1914 when they were amalgamated into one province. The area of the province is 2,711 square miles. It has a population of 5,84,000 (1941). The area is mostly covered with hilly tracts unfit for cultivation. Rainfall is precarious and its frequent failure renders the area liable to scarcity and famine. The average annual rainfall is about 20 inches. Hindus form 78 per cent of the population. Hindi and Rajasthani are the spoken languages of the province. Agriculture is the principal occupation, 62 per cent of the population being supported by it. The staple food crops grown are maize, millet, barley, wheat, etc. and the chief money crop is cotton, cultivated in Ajmer. The administration of the area is vested in the Hon'ble the Resident for Rajputana, who is also the ex-officio Chief Commissioner.*

A Retrospect.—Though the Co-operative movement was first introduced in Ajmer as early as 1904-05, it made no real progress till the end of 1909 owing to various reasons. In February 1910 a Central Bank was formed at Ajmer which increased its operations rapidly in the next two years with the result that in the year 1912-13, it financed as many as 6,229 members in 191 villages. During the year 1912-13, there were 282 societies—3 Central Banks and Unions and 279 Agricultural Credit Societies with a membership of about 8,600 and working capital of about Rs. 10,00,000. The number of societies soon increased and in the year 1920-21 there were about 486 societies with a membership of about 12,300. Their total working capital amounted to nearly Rs. 39 lakhs. Thus the rapid development of the movement had resulted in a gradual decrease in the number of Agricultural Credit Societies. They decreased from 460 in 1920-21 to 433 in 1923-24. Of course there was some increase in the rise in the number of non-Agricultural Credit Societies. Again the number of Agricultural Societies increased to 468 in 1928-29. The first non-Agricultural Credit Society was formed in the year 1918-19 with a

* Chief Commissioner: The Hon'ble Sir Arthur Lothian, K.C.I.E., C.S.I., I.C.S.

membership of 14, and working capital of about Rs. 350. The number of these societies increased in the decade following 1918 roughly on an average of 6 societies a year and at the end of 1928-29 there were 66 societies with a membership of 2,139 and working capital amounting to about Rs. 4 lakhs. The thrift side of the movement seems to have developed since 1924-25 in which year 5 societies were first started with a membership of 132 and at the end of the year 1928-29 there were 14 societies with a membership of 359. The total number of societies in 1928-29 was 554 and their membership 13,821. Their working capital amounted to about Rs. 42 lakhs. The Banking Enquiry Committee 1929-30 in their report observed that out of 746 villages in Ajmer-Merwara, the movement touched 386 villages and benefited nearly one-ninth of the rural population of the province, and that Ajmer-Merwara was in many respects ahead of the other provinces of British India in a comparison of the progress of the movement. It was further reported that the working capital of the Central Banks in Ajmer-Merwara was appreciably more than the funds needed to finance the societies of the province. The progress of the movement since 1929, can be seen from the following account of the present position of the movement.

CO-OPERATIVE FINANCE

A. RURAL CREDIT SOCIETIES

Since the inception of the movement the number of rural credit societies continues to be the largest as the main object at the start was to assist agriculture. The type of societies which has struck root here is one of unlimited liability. The value of each share is Rs. 10 and there is no restriction as to the number of shares that can be taken by the members. The profits are divisible only after the expiry of ten years from the date of registration. To begin with loans were given for all the requirements of the zamindars irrespective of whether they were for productive or unproductive purposes. As a result of the experience gained in course of time advances are now made only for productive purposes. In the by-laws of the societies, which have been amended during the last three years, the clauses relating to unproductive borrowing have been deleted and crop loans are being encouraged. To encourage the element of thrift the members in new societies are now required to deposit at least annas eight on each harvest. The movement, with the exception of a few societies, had been in a stagnant condition and the scarcity and famine of the past three years added considerably to the difficulties. In spite of the adverse agricultural conditions the departmental officials have been doing their best to improve the working of the rural credit societies by restricting loans for productive purposes and by enforcing punctual repayments.

The number of rural credit societies totalled 539 on 30th December 1940, with a membership of 12,229 giving an average of 22.5 and a working capital of a little over Rs. 15 lakhs. In 1939 the societies

received a great set back due to severe famine conditions. Collection of arrears became almost impossible and the Government had to open famine relief works in various places and also advance takavi loans liberally. In 1940 the societies advanced Rs. 97,386 and recovered Rs. 40,481 leaving a balance of Rs. 13,84,512 at the close of the year. The average loan per member amounts to Rs. 113.5. Compared with other provinces this is not high but when compared to the low economic status of an average zamindar in the area, it is considered very high and steps are being taken to bring it down. Overdues are increasing year by year owing to the adverse seasonal conditions. Of the 539 societies, A and B class societies numbered 10 and 139, while C and D class societies numbered 241 and 99 respectively.

B. CENTRAL BANKS

There are two central banks, one at Ajmer and the other at Beawar. There is no Provincial Co-operative Bank for the District. But the local Government has declared the Ajmer Central Bank to be the Provincial Co-operative Bank within the meaning of section 2(b) of the Reserve Bank of India Act. This Bank is in fact the apex bank here and finances almost all the co-operative societies of the district through 6 central institutions, including the 5 banking unions, which are affiliated to it. The central institutions advanced a sum of Rs. 27,45,579 to banks and societies and recovered Rs. 7,02,037 during the year 1939-40.

The financial position of the Beawar Central Bank and the Todwarh Banking Union is far from satisfactory. Besides having made reckless advances in the beginning to members of their affiliated societies, these institutions have suffered from the retrocession of some of their affiliated societies to Mewar and Marwara. In the absence of an agreement with those in whose favour the retrocession was made, recovery of dues from indebted members of the Sale and Supply Union of Beawar has become impossible.

Various factors have contributed to the deterioration of the financial condition of the Beawar Central Bank viz., cessation of recruitment of Merets since 1931, fall in income with the deaths of Military Pensioners, abnormal fall in the prices of agricultural produce and famine-cum-depression conditions prevailing during the last few years. The cessation of the practice of distributing dividends out of unrealised profits created a panic among the public and the depositors withdrew their deposits as soon as they matured; but thanks to the timely help of the Government the Bank was saved from ruin. In spite of all these drawbacks it is hoped that a few good harvests and improvement in the existing machinery of recovery on the lines of Madras will go a long way in placing these institutions in a sound condition.

The following statement shows the financial position of all the central institutions:—

Y.B.—69

Operations of Central institutions in 1939-40

	Ajmer Central Bank.	Beawar Central Bank.	Kekri Union.	Masuda Union.	Bhinai Union.	Todgarh Union.	Nasrabad Union.	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Share Capital	1,00,000	70,000	3,450	6,600	3,950	4,825	3,650	1,92,475
Reserve and Other Funds	3,11,164	2,95,003	15,312	14,481	5,417	11,250	47,070	6,99,702
Deposits from Indi- viduals	7,23,100	2,42,010	18,637	25,998	16,690	28,337	33,343	10,93,635
Loans from Govern- ment	..	1,38,000	..	..	..	..	..	1,38,000
Loans and Deposits from Central Banks and Societies	3,24,860	93,425	35,758	31,018	22,914	4,261	37,098	5,87,734

C. LAND MORTGAGE BANKS

There were three land mortgage banks and nine societies working in this district on 30th June 1940, with a membership of 1,243. There is no Central Land Mortgage Bank. The main object of these banks and societies is to finance agriculturists for the redemption of land and agricultural improvements, but owing to famine conditions business had to be restricted to a very great extent. Of the three mortgage banks at Ajmer, Beawar and Todgarh, the one at Ajmer is working well. The other two have not been functioning satisfactorily. Todgarh Bank cannot function successfully as almost all its members are now the residents of the retroceded area to Mewar. The Mortgage Bank at Beawar is also in troubled waters as loans were given very carelessly in the beginning and most of its members are indebted to the credit societies as well as to the bank.

The working capital of the banks and societies amounts to Rs. 93,238. They advanced Rs. 9,950 and recovered Rs. 2,727. The purposes for which the loans were advanced included redemption of land, sinking and repairing of wells and *nadies*. The total area redeemed by these banks and societies was 5,431 bighas.

D. URBAN CREDIT SOCIETIES

The urban credit societies were working with a membership of 4,191 and a working capital of Rs. 12,95,999 on 30th June 1940. With a few exceptions the movement is quite strong and vigorous in the urban area. These societies advanced Rs. 8,40,081 to members and recovered Rs. 7,68,023. Deposits held by these societies at the end of the year from members and non-members amount to Rs. 7,43,672 and Rs. 1,59,650 respectively. The loans and deposits from central banks and societies amounted to Rs. 1,07,716. This shows that the societies are enjoying the confidence of the public and are quite popular. Their progress is greatly hampered by a recent amendment to the Civil Procedure Code exempting salaries up to Rs. 100 from attachment.

CONSUMERS' STORES

There are two stores at Kekri and Ajmer. The one at Ajmer, the B.B. & C.I. Railway Indian Co-operative Association did business to the extent of Rs. 2,20,806 during the year and helped to regulate the prices of grain and other provisions in Ajmer city. It has got a membership of 2,087 and a working capital of Rs. 1,27,900. The other stores working among the students of the Betham High School, Kekri is also doing useful service to the students by supplying them with books and stationery at the cheapest possible rate.

PURCHASE AND SALE SOCIETIES

There are two supply unions and one commission shop. The commission shop could not begin work. The two supply unions, with a membership of 46, supplied commodities worth Rs. 9,950 and purchased goods worth Rs. 9,810. They earned a profit of Rs. 227 in 1940 against a loss of Rs. 48 in the previous year. The Bhinai Supply Union did very good work and was allowed to open a branch at one famine relief centre where it supplied goods at the cheapest possible prices to the labourers affected by famine.

SPECIAL TYPES OF SOCIETIES

Societies for Promoting Education.—There is a Co-operative Education Society with a membership of 128 and share capital of Rs. 3,450. Its object is to render financial aid to students for any kind of education. It has been able to finance 70 students. Out of them 40 are reported to have completed their education and training. The loans outstanding against the members on 30—6—1940 stood at Rs. 35,728. The repayments amounted to Rs. 5,732 during the same period. It owes Rs. 1,615 to the Central Bank, while deposits were held for Rs. 30,319. The working capital of the society was Rs. 43,700.

Housing Societies.—These societies secure plots of land for their members and advance loans for building purposes. There are 9 such societies with a membership of 341. The number of houses constructed upto 30th June 1940 was 188. Loans due by members totalled Rs. 2,11,731 while they owed the Central Bank a sum of Rs. 1,66,798 at the close of the same year.

Thrift Societies.—There are thirty thrift societies which have done good work in teaching the habit of thrift to the people. There are four societies exclusively for ladies but for want of a lady sub-inspectress no progress has been made by them.

Better Living Societies.—These are 19 in number; with a membership of 300. They could not do any constructive work owing to the fact that the services of the sub-inspectors for supervision of these societies had to be dispensed with at the beginning of the year due to famine conditions.

Fodder Storage Societies.—There are 15 fodder storage societies with a membership of 209. The last famine has taught them the great lesson that storage of fodder for times of scarcity is very essential. The members now store fodder at one place and open the stock only when they urgently require it.

SUPERVISION, EDUCATION AND AUDIT

The Registrar, in this district, is assisted by four inspectors paid by the Government for supervision of the movement. They are recruited from economics graduates. After receiving field-training for at least 6 months they attend the training class in Gurdaspur in the Punjab and pass the examination. There is a chief auditor for the audit of central institutions and urban societies. The audit of some central institutions and big urban societies with a working capital of over Rs. 20,000 is done by the Certified Government Auditors and G.D.As. The rural societies are audited by paid auditors who are promoted from the rank of sub-inspectors of co-operative societies. The sub-inspectors who are paid from the salary fund supervise the rural and urban societies. In rural societies they have to do the clerical work also in the absence of trained literate secretaries.

The sub-inspectors, on recruitment, get 6 months field training and then attend a training class for 2 months held under the Educational Inspector, Co-operative Societies, Punjab, whose services are borrowed every year from the Punjab Government for the period required. At the end of the training class a refresher course is held every year for the whole staff. There are four propagandists and one organiser, maintained from the budget allotments of the Government of India for the purpose of training and educating members of societies.

"No speculation in money, land or ideas; no one of them longer regarded as a speculative commodity but used as the actual necessities of human life like air and water; no very rich nor very poor to build for; no idle land except for common landscape; no holding against society of the ideas by way of which society lives; this is the true basis for what we could honestly call Democracy."

—FRANK LLOYD WRIGHT in *London News Chronicle* on
"How to Rebuild London."

BANGALORE, C. & M, S.

The following note has been contributed by H. H. Charleston, Esq., I.C.S., Collector, and Registrar of Co-operative Societies, Civil & Military Station, Bangalore— G. Ed.

With the exception of two existing credit societies, the Police and the Survey of India, which consist of Government servants and are under official supervision, 5 other societies which were registered in the Station under the Act have failed. Two of these were credit societies and failed owing to mis-management. The remaining three were stores societies. The management of a "trading" society is naturally more difficult than that of a "Credit Society". It is much more difficult in a place like Bangalore, where there are many well established grocery and provision merchants against whom the registered societies found it very difficult to compete. Though the Collector and Registrar of Co-operative Societies was against their registration, he was compelled by the organisers to have them registered with the result that they suffered heavy loss within a short time after their registration. Even the Police Co-operative Society referred to above which started a stores branch, had to close it up within a year as it ended in a loss.

The Police Co-operative Society was started on 1st October 1922 with an authorised share capital of Rs. 25,000. This is confined to the Station Police Force. At the end of its 18th year it had 437 members holding 4,774 shares with a paid-up capital of Rs. 20,982. The working of the Society has been satisfactory from the beginning.

The Survey of India Co-operative Society was started in 1928 with an authorised share capital of Rs. 20,000. This is confined only to the Southern Circle, Survey of India. At the end of the twelfth year of its working it had 97 members holding 680 shares. The working of this Society has also been satisfactory from the beginning.

"The race which could eliminate the factors which promote internal conflict in society and could organise human energies in harmony would be powerful beyond our wildest dreams."

—"National Being" by A. E.

COORG

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Note.—There is no Provincial Editor nor any contributor for Coorg. The General Editor is indebted for his materials, mainly to the various reports referred to in this account and the administration reports of, and the statistical information for 1939-40 furnished by, the Registrar of Co-operative Societies.

COORG

General Features.—Coorg is a small province in South India situated on the summit and declivities of the Westernghats, merging gradually on the north and east into the table land of Mysore. It is bounded on the north and east by Mysore State and on the west and south by the South Canara and Malabar Districts of the Madras presidency. The north-eastern and eastern parts of the province are less hilly. The area of the province is 1,593 sq. miles while the population is 1,69,000 (1941). The bulk of the population is agricultural. The principal crops are rice, ragi, pulses, and pepper. Coffee and tea are also grown in the mountain slopes in considerable quantities. Oranges are also grown in large quantities. The province is administered by a Chief Commissioner* whose headquarters are at Mercara. It has a legislative Council consisting of 15 elected and 5 nominated members.

A Retrospect.—The working of the co-operative movement in Coorg was reviewed in detail by the Coorg sub-committee of the Madras Provincial Banking Enquiry Committee (1929-30) of which Mr. H. M. Hood, I.C.S., was the Chairman. The sub-committee devoted considerable space to the discussion of the various land tenures in the province of Coorg—Sagu, Jamma, Jodi, Umbli and Jaghir and their effect on the co-operative movement. It was pointed out that the main difficulties with which the co-operative credit societies in the province were confronted were the results of the land tenures. The sub-committee after giving a description of the existing co-operative societies and their working in 1929-30, recommended the development of co-operative marketing and land mortgage banking as the two main lines along which attempts may be made. From the brief account that will follow, it will be seen that there has been little advance on these two lines of development in the decade that has elapsed since the report of the sub-committee. As for the marketing line of development there seems to have been a little progress since then. During the year 1939-40 there were about 13 loan and sale societies working with the view of better marketing as their sole object. The total quantity of paddy handled by all the societies during the year was round about 63,000 batties (1 batti 80 seers).

The following statement shows the general progress of the movement in Coorg in the last decade :—

*Chief Commissioner: J. W. Pritchard, Esq., I.C.S.,

Year	No. of Societies	No. of members	Paid up share capital	Deposits from individuals & societies	Loans from Central Bank	Loans from Govt.	Reserve Fund	Other Funds	Working Capital
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1930-31	239	14,037	2,48,590	98,689	2,25,433	8,960	2,62,997	..	8,42,669
1932-33	238	15,022	2,68,896	99,049	2,62,955	11,475	3,14,901	..	9,57,266
1934-35	242	16,159	2,95,331	1,18,215	3,62,245	18,608	3,24,421	..	11,19,820
1936-37	277	18,732	3,22,731	1,40,616	4,46,607	34,625	3,58,426	15,627	13,28,632
1938-39	286	19,986	3,40,324	1,69,706	4,42,883	62,465	3,90,454	19,453	14,25,285
1939-40	295	20,724	3,48,650	1,78,802	4,41,576	64,460	4,05,155	25,587	14,59,230

CO-OPERATIVE FINANCE

A. AGRICULTURAL SOCIETIES

There were 251 Agricultural Societies in Coorg during the year 1939-40. Seventy nine of the credit societies were of limited liability type while the rest were of unlimited liability. Of the total societies, 178 were dealing in cash while 73 were dealing in grain. The total number of members of all these societies was 15,083, paid up share capital was Rs. 2,12,541 and the reserve and other funds amounted to Rs. 3,78,736. The amount of loans and deposits held at the end of the year from members, non-members, societies, central bank and Government was Rs. 4,90,104. Their working capital amounted to Rs. 10,81,381. The amount of loans made during the year to individuals and banks and societies amounted to Rs. 2,20,109. The amount of loans outstanding at the end of the year was Rs. 8,62,748. The cost of management of these banks during the year was Rs. 25,516 and the net profit for the year amounted to Rs. 33,100.

Audit classification of the Societies shows that Coorg compares favourably with other British provinces and states. Of the total number of 288 societies in the year 1939-40, 50 belong to 'A' Class, 134 to 'B' Class, 88 to 'C' Class 14 to 'D' Class and only 2 to class 'E' according to the administration report of the Registrar for the year.

B. CENTRAL BANKS

There is only one Central Bank in Coorg and that is at Mercara. At the end of the year 1939-40 the membership of the bank consisted of 233 individuals and 288 societies. The amount of share capital paid up was Rs. 50,090, reserve and other funds Rs. 53,921 and the loans and deposits held at the end of the year Rs. 4,42,012. The working capital amounted to Rs. 5,46,023. The amount of loans made during the year by the Bank was Rs. 1,66,192 (Rs. 13,635 to individuals and Rs. 1,52,557 to banks and societies) and the amount of loans outstand-

ing was Rs. 4,64,880. The cost of working of the Bank was Rs. 4,262 and the net profit was Rs. 8,524 for the year. The following table will give an idea of the progress of the Bank in the last ten years:—

Year	Share Capital paid up	Reserve Fund	Other Funds	Deposits	Working Capital	Net Profits
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1930-31	26,800	10,121	..	2,50,302	2,87,523	6,485
1932-33	29,010	14,837	..	2,84,792	3,46,739	6,025
1934-35	36,080	18,543	..	3,42,930	3,97,503	7,935
1936-37	43,500	23,487	20,477	4,49,872	5,37,336	5,914
1938-39	46,870	26,584	22,361	4,43,286	5,39,101	9,039
1939-40	50,090	28,344	25,577	4,42,012	5,46,023	8,524

C. NON-AGRICULTURAL SOCIETIES

There were 44 societies of this type in Coorg during the year 1939-40. All of them were of limited liability. Of these 19 were credit societies while the rest were purchase and sale societies. The total number of members of these societies was 5,641. Their reserve and other funds amounted to Rs. 52,006 and share capital to Rs. 1,31,109. The amount of loans and deposits held at the end of the year by these societies was Rs. 1,74,734 and their working capital Rs. 3,77,849. The aggregate amount of loans made during the year by these societies was Rs. 1,83,321 (Rs. 1,81,635 to individuals and Rs. 1,686 to banks and societies) and the amount of loans outstanding at the end of the year was Rs. 2,33,022. These societies effected sales during the year to members to the tune of Rs. 67,651 and purchased members' products worth Rs. 42,804. The working of these societies cost Rs. 17,666 during the year and resulted in a net profit of Rs. 1,264.

SUPERVISING UNIONS

At the end of the year 1939-40, there were 13 unions with a membership of 256 societies. The membership of the affiliated societies was 14,250 and their total working capital Rs. 8,32,320. The number of supervising staff maintained by these unions was 14 and their expenditure during the year was Rs. 1,312.

The Supervision Board of the Central Bank consists of 7 directors including the President and Hony. Secretary and exercises control over the supervising unions. It was reported that the Supervision Board has been advised to systematically inspect the union offices once in 6 months at least and thus keep in close contact with the working of the unions.

"Co-operatives are cells of Brotherhood."

DR. E. STANLEY JONES.

DELHI

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Note.—I. E. Jones, Esq., I.C.S., Registrar, Co-operative Societies, Punjab and Delhi Provinces, and Director, Rural Reconstruction, Punjab, Lahore, has kindly furnished an account of the working of the co-operative movement in the Delhi Province, to which a brief note on the general features of the province and a retrospect are prefixed by the General Editor.

DELHI

General Features.—The Delhi Tehsil with the Maharauli Thana of the Ballabgarh Tehsil of the old Delhi district was formed into an Administrative Enclave under the control of a Chief Commissioner* by proclamation in October, 1912, after the announcement of the transfer of the capital of India from Calcutta to Delhi, at the Delhi Durbar on December 12, 1911. In the year 1915 the Shahdara tract comprising 46 villages to the east of the river Jumna was transferred to Delhi province from the Meerut district of the United Provinces. The province has an area of 582 sq. miles and a population of 9,17,000 (1941). The river Jumna intersects the province from north to south. The normal annual rainfall of the province is 27 inches, the major portion of which falls in the summer months. The main source of artificial irrigation is the Western Jumna Canal. The Eastern Jumna Canal waters a portion of the Shahdara tract. Bajra, gram, wheat and barley are the principal crops. Sugarcane, oilseeds, cotton and maize are also produced in considerable quantities. Cultivation of melons, cucumbers etc., in the river bed is a speciality. Six railways meet in the City. Delhi is one of ancient cities of historic interest. It has a University.

A Retrospect.—The co-operative movement in Delhi was started in 1920. But the real progress of the movement may well be said to have begun only a year later, that is to say in 1921 when the Delhi Province Central Co-operative Bank was established. At the end of the year 1920-21 there were as many as 99 societies working—one central bank, 51 agricultural credit societies and 37 non-agricultural credit societies, with a membership of about 1,600 and working capital exceeding Rs. 89 thousands. In the course of the eight years following 1920-21 the number of societies increased largely and at the end of the year 1928-29 there were 278 societies comprising one central bank, 236 agricultural credit, 35 non-agricultural credit and 6 thrift societies. Their aggregate membership was about 6,800 and working capital round about Rs. 22.64 lakhs. It was reported by the Banking Enquiry Committee for the Centrally Administered Areas (1929-30) that the co-operative movement in Delhi reached 2/3 of the rural area of the province and that in many respects Delhi was well ahead of the other provinces of British India. During this period the working capital of the Delhi Co-operative Central Bank was appreciably more than the funds needed to finance the co-operative societies of the province and in fact it actually lent to societies outside the province with the special permission of the Registrar of Co-operative Societies.

The present position of the movement in Delhi is narrated in the following note by Mr. Jones.

*Chief Commissioner: A. V. Askwith, Esq., C.I.E., I.C.S.

General Progress.—The following table shows the position over the last three years:—

Class of Societies.	No. of Societies.			Membership.			Working Capital		
							(In lakhs of Rupees)		
	1938	1939	1940	1938	1939	1940	1938	1939	1940
Central Credit	1	1	1	495	511	520	13·65	14·65	13·12
Central Non-Credit	1	1	—	1	1	—	·005	·22	—
Agricultural	228	249	260	6393	7994	8828	6·6	6·4	5·55
Non Agricultural	98	102	129	8500	8836	10526	11·61	13·2	18·8
Total	328	353	390	15597	17564	19874	31·86	34·27	37·47

The number of societies in the province increased during the year from 353 to 390, the increase of 37 comprising 13 old societies of Government of India Offices transferred from Simla to Delhi and 34 new registrations against only 10 cancellations. New registrations were 6 agricultural credit, 9 consolidation of holdings, 3 better living, 13 non-agricultural credit and 3 housing. Last year registrations numbered 26. The societies dis-registered during the year were of the following types:—

1. Agricultural Credit	..	3
2. Consolidation of Holdings	..	1
3. Non-agricultural Credit	..	3
4. Death Benefit	..	1
5. Thrift & Savings	..	1
6. Execution of Awards Union	..	1
Total	..	10

One of these societies was cancelled on account of its amalgamation with another; and one old consolidation of holdings society was cancelled, but the other eight cancellations represent hopeless cases—the casualties of the co-operative campaign.

Membership of all types of societies has risen from 17,564 to 19,874. This is not entirely due to fresh registration and societies transferred from Simla but old societies have also contributed. The average membership per society is now 50 against 49 last year.

Despite a decrease of about Rs. 1½ lakhs in the working capital of the Central Bank, due mainly to withdrawal of deposits caused by temporary panic under war conditions, and a decrease of about a lakh in the working capital of agricultural societies, the working capital of all types of societies records an increase of over Rs. 3 lakhs, the in-

crease having been solely contributed by non-agricultural urban societies. The increase in the working capital of non-agricultural societies, being due to increases in members' compulsory savings and share capital, is a most welcome feature; while the decrease in the working capital of agricultural societies being caused mostly by decrease in indebtedness and the recovery of long frozen assets of societies is also a favourable sign.

The owned funds in all classes of primary societies are shown below:—

		1938-39 Rs.	1939-40 Rs.
Shares	..	3,95,142	5,44,670
Reserve Fund	..	1,02,884	1,30,355
Other Funds (including undistributed profits)	..	1,17,417	1,33,095
		<u>6,15,443</u>	<u>8,08,120</u>

The increase in owned funds is mainly contributed by non-agricultural societies, because in agricultural societies the setting apart of overdue interest in the suspense interest account (a sound and conservative precaution) has wiped off most of the accumulated profits. The owned funds of primary societies, taken as a whole, are now 33 per cent of their working capital as against 31 per cent at the close of the last year.

CO-OPERATIVE FINANCE

A. AGRICULTURAL SOCIETIES

(a) **Societies.**—Credit societies form 212 out of 274 societies in the rural tract. 3 old societies beyond hope of revival were cancelled and six new ones all in canal irrigated villages were started raising the total from 209 to 212.

(b) **Membership.**—

		1938-39	1939-40
Number of members	..	5,010	5,148
New Admissions	..	400	230
Average membership	..	24	24

The increase comes from new societies. Voluntary withdrawals were 40 against 36 last year. Enquiries show that 140 members have migrated permanently and 81 temporarily (chiefly in search of grazing),

from the areas where these societies operate. Only 972 members or 19 per cent are literate and only 476 or 9 per cent have fixed monthly income from pensions or other sources.

(c) Assets.—

		1938-39	1939-40
		Rs.	Rs.
Shares	..	33,471	33,894
Reserve Fund	..	45,399	46,481
Other Funds	..	2,228	2,302
Profits	..	70,917	72,555
		<hr/>	<hr/>
		1,52,015	1,55,232

The increase of owned funds unfortunately is negligible and the provision of Rs. 2.36 lakhs in their suspense interest account has thrown a number of societies into a deficit amounting to Rs. 0.81 lakhs. This will be recouped gradually as overdue interest now shown in suspense account is collected.

(d) Loans.—Although Rs. 97,925 was lent to 960 members in 106 societies against Rs. 43,214 to 534 members in 80 societies the amount on loan has been reduced from Rs. 5.85 lakhs to Rs. 5.69 lakhs. The reduction is the direct outcome of increase in recoveries. The average indebtedness of Rs. 136 per member is rather high considering the agricultural conditions but the loans are now being made for small amounts and more societies and members are using these facilities. These factors indicate a healthy tendency towards revival of business. The majority of loans were made at 9% per cent.

As usual an analysis of objects of loans was made in 35 societies, of which 11 were in B class, 14 in C class and 10 in D class. The analysis shows that 72 per cent of the amount was advanced for purchase of cattle, 10 per cent for seed, impliments, fodder and land revenue, and only 18 per cent for all other objects such as house building, education, sinking of wells, redemption of land, trade and repayments of debts.

(e) Recoveries.—An amount of Rs. 1,82,060 principal and Rs. 2,93,232 interest was demanded for repayment during the year, as against the last year's figures of Rs. 81,387 principal and Rs. 2,63,962 interest. The increase is due to the present policy of fixing the demand of new loans strictly in accordance with bond promises and of old loans as near to them as possible. This was considered necessary to strengthen the morale of debtors and their sense of responsibility towards their obligations, and has helped in improving recoveries. An amount of Rs. 84,241 was due for repayment during the year according to promises of bonds in respect of loans advanced after 31st July 1938 and the whole of it was actually demanded. Crop loans of Rs. 19,741 were

due for repayment during the year and of which Rs. 12,037 was actually realised, the shortage being due to failure of crops and famine. Despite unfavourable agricultural conditions recoveries of both principal and interest have shown a marked improvement. The figures given below do not include recoveries made through concessional adjustments of book entries.

		1938-39	1939-40
		Rs.	Rs.
Principal	..	39,917	99,592
Interest	..	22,958	43,717

Principal recoveries during the year are two and half times more than last year, and interest collections have been doubled. Principal recoveries now touch the record percentage of 17·2 as against 6·8 of the last year, as will be seen from the table given below :—

Year	Percentage of recovery
1929-30	.. 9·1
1930-31	.. 5·1
1931-32	.. 5·0
1932-33	.. 4·3
1933-34	.. 6·9
1934-35	.. 7·6
1935-36	.. 8·7
1936-37	.. 10·6
1937-38	.. 11·7
1938-39	.. 6·8
1939-40	.. 17·2

This marvellous improvement in recoveries was the direct outcome of our recent policy of establishing much closer contact with the members, a more detailed examination of their assets, resources and repaying capacity and a much closer penetration into default. The results achieved in the face of adverse agricultural conditions are very encouraging, and in years of agricultural prosperity these should be greatly improved. But much remains to be done as overdues of interest will stand at Rs. 2·40 lakhs equivalent to interest for 4 years and 9 months.

Though recourse to legal action for recovery had unavoidably during the year to be taken in a much larger number of cases, the bulk of recoveries continue to be voluntary, recoveries through actual execution of arbitration awards being less than 10 per cent of the total. No severe coercive measures in the matter of recovery were adopted, and no defaulter was put in the Civil Jail. On a voluntary offer made by one debtor, about $1\frac{1}{2}$ bighas of land were taken in temporary lease.

(f) Overdues.—

	1938-39	1939-40
	Rs.	Rs.
1. Principal	36,406	65,824
2. Interest	2,39,664	2,39,598
3. Amount of Interest carried to suspense interest account ..	2,31,046	2,36,476

The increase in principal overdues is due to fixation of higher and more business-like demands. For the first time in several years the annual increase in interest overdues has been arrested, the total at the close of the year under report being very nearly the same as at the end of the last year. The overdue interest represents a period of 53½ months on the amount of loan at the close of the year. The position, therefore, in spite of much improved recoveries, is still unsound, but there is ground for hoping that it will improve gradually as our schemes of conciliation of old debts and legal action against wilful defaulters come into full play.

(g) Estimation of bad and doubtful debts.—An attempt was made during the year in the course of their audits and inspections of societies to arrive at a correct estimation of bad and doubtful debts. It is estimated that bad debts exist in 88 out of 212 societies and of the total amount on loan of Rs. 5,68,572 principal and Rs. 2,39,598 interest (total Rs. 8,08,170) an amount of Rs. 37,239 principal and Rs. 93,182 interest (total Rs. 1,30,420) is irrecoverable. This is about 16 per cent of the total outstanding. This is necessarily only an estimate, and it is liable to revision each year but it serves as some basis for schemes of conciliation. Many societies have adequate owned funds to meet these deficits, which according to estimates are likely to affect Central Bank dues only to the extent of Rs. 50,393. Thus the position, though undoubtedly bad is not apparently beyond repair and it should soon be possible to scale down these debts through various schemes of conciliation.

(h) Deposits and Shares.—The total paid up share capital of these societies is Rs. 33,894, an amount of Rs. 3,692 having been received during the year. One old society has started recontribution of shares by its members. The system of compulsory deposits is not in force in any society.

(i) Classification of the societies as compared with the last two years is given below :—

	1937-38	1938-39	1939-40
A ..	—	—	—
B ..	37	40	39
C ..	28	—	—
C (1) ..	23	31	43
C (2) ..	63	68	54
D ..	45	58	60
Unclassed ..	2	12	16
	—	—	—
	198	209	212
	—	—	—

There has been no improvement in the classification of societies, and a further increase in the number of Ds is a disquieting feature. In most of these societies old default and overdues have been so heavy that in spite of improved recoveries they could not yet attain to a higher standard of classification.

(j) Circle Secretaries.—Suitable local secretaries being not available, the number of societies under circle secretaries increased during the year from 94 to 181. It is now only in 17 societies that Sub-inspectors have to work as secretaries; the policy is to relieve Sub-inspectors of this work and make them available for proper duties of supervision.

(k) Insolvency.—No member applied for insolvency during the year. In 3 old cases, however, insolvency proceedings were contested by societies, but all the same they were declared insolvent. So far only 10 members of societies have been declared insolvent and the total amount owed by them to the societies was Rs. 4,099 principal and Rs. 3,794 interest (total Rs. 7,893).

(j) Relief.—(i) A Debt Conciliation Board operates in the province with head quarters at Delhi. No member of any society applied for relief to the Board during the year, and the working of the Board has had no noticeable effect on recovery of co-operative debts.

(ii) With increasing willingness on the part of the debtors to get rid of their old debts, there is a growing demand for concessions, and societies having determined the position in respect of bad and doubtful debts were able to grant relief to their debtors on a more wide spread scale during the year. Concessions were granted to 276 debtors of 37 societies involving remissions of debts to the extent of Rs. 9,796. As a result of these concessions an amount of Rs. 13,689 principal and Rs. 8,456 interest (total Rs. 22,145) was recovered in cash from these debtors during the year. Most of these concessions took the form of individual settlements made with the debtors on their paying the bal-

ance of loans in full, but 95 debtors of 5 societies were given the facility of paying their accumulated debts in long and easy instalments, future interest being stopped. Retrospective reduction in rates of interest was allowed to 109 members in 8 societies. In addition 27 societies allowed rebates totalling Rs. 121 to their members on repayments made in grain.

B. NON-AGRICULTURAL CREDIT SOCIETIES

These societies occupy a place of importance in the province. The following statement compares their position over the last three years:—

	1937-38	1938-39	1939-40
No. of societies ..	80	83	106
No. of members ..	7,622	7,593	9,529
Average membership per society ..	95	92	90
Working capital ..	Rs. 11,40,192	Rs. 12,39,121	Rs. 18,03,444

There were 13 new registrations against 3 societies cancelled and 13 old societies working in Government of India Offices were transferred from Simla to Delhi. They fall into two classes according as liability is limited or unlimited.

(a) **Limited Liability Societies.**—These liability societies which number 70 have an extensive loan business. During the year, they advanced 6,200 loans of the value of Rs. 12·76 lakhs to 4,436 members as compared with 4,345 loans of the value of Rs. 6·61 lakhs to 3,276 members. The total loan lent to members amount to Rs. 14·18 lakhs. No less than 36 per cent of members are free from debt and more than half the amount lent out is at 6¼ per cent, while the major portion of the balance is at 7½ per cent. A special feature of these societies is that they work with their members' own money—share capital and compulsory deposits. Out of a total working capital of Rs. 17·14 lakhs, members' compulsory deposits alone constitute Rs. 10·87 lakhs and an amount of Rs. 4·43 lakhs is held by them as shares; reserve and other owned funds are Rs. 1 lakh, outside borrowing (non-members' deposits) only Rs. ½ a lakh, and Rs. 3½ lakhs of surplus money is invested outside their business. Recoveries in these societies are regular and cases of default are very rare. Demands are invariably in accordance with the promises in bonds and recoveries are punctual. The figures relating to demand and recoveries are given below:—

	1938-39			1939-40		
	Principal	Interest	Total	Principal	Interest	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Demand	6,68,127	80,575	7,68,702	10,31,864	113,225	11,45,089
Recoveries	6,33,650	67,540	7,10,190	9,71,514	99,515	10,71,029

Only 0·8 per cent of the total recoveries were made through arbitration proceedings, the bulk of them being entirely voluntary. The percentage of principal recovery was 82·8 per cent as against 70·6 per cent last year. Overdues are small. Classification exhibits a high standard. Of the 70 societies, 27 are in A, 17 in B, 13 in C while none in D. The remarkable achievements of these societies are a convincing proof of the possibilities of co-operation when members of managing committees possess business ability and a high sense of responsibility.

(b) **Unlimited Liability Societies.**—The following figures show the progress made during the year:—

		1938-39	1939-40
No. of societies	..	37	36
Membership	..	1,024	994
		Rs.	Rs.
Working Capital	..	1,00,039	89,583
Owned Funds	..	32,416	33,463
Members' deposits	..	10,169	9,376
Amount on loan	..	97,640	88,418
Loans advanced during the year	..	22,764	25,554
Recoveries:—		Rs.	Rs.
Principal	..	21,944	29,482
Interest	..	7,131	10,233
Total	..	<u>29,075</u>	<u>39,716</u>
Percentage of Principal	..	22·7	31·5
		Rs.	Rs.
Interest overdues	..	15,130	13,286
Amount credited to Suspense Interest	..	12,273	11,955
Overdue interest in terms of months	..	15 months	14½ months.

Unlimited liability societies, working mostly among Tongawalas and petty artisans, have also shown some improvement during the year. The cancellation of one society has led to reduction both in membership and working capital. But recoveries show distinct improvement. As much as Rs. 0·29 lakhs principal and Rs. 0·10 lakhs interest were recovered during the year as against Rs. 0·27 lakhs principal and Rs. 0·07 lakhs interest during the last year. These figures have re-

duced the overdues of interest from Rs. 0.15 lakhs to Rs. 0.13 lakhs increased the percentage of principal recovery from 22.7 to 31.5 per cent. This is a creditable achievement, considering that members have no fixed means of income and no stability of residence. Inquiries made show that about one quarter of them have left Delhi and their present whereabouts are untraceable. Bad debts are estimated to be 15 per cent of the amount on loan and most of the societies despite their difficulties and weakness are considered solvent. Except that 1 society rose from D class to C(II), classification is unchanged. Remissions of Rs. 181 to 3 members in 2 societies elicited a cash recovery of Rs. 723. The members of these societies are mostly illiterate and accustomed to the vicious system of credit practised by the money-lender, and they cannot be said to have acquired much appreciation of the co-operative method. The Department's future policy is to organise societies among this type of people only where capital can be raised from within or where outside borrowings of societies can be secured by mortgages over immovable property.

SPECIAL TYPES OF SOCIETIES

Cattle Breeding Societies.—The total of Cattle Breeding Societies still stands at 9 with a membership of 186. There are also 3 unregistered Cattle Breeders Clubs with a membership of 66. 53 members of the registered societies are without cattle owing it is said to the scarcity of fodder, the remaining members own 166 cattle. The members of Cattle Breeders Clubs have also got 46 breeding animals. No society has felt the necessity for purchasing its own bulls, the approved sires supplied by other agencies being considered quite sufficient for their requirements. In the One Day Cattle Show held by the Veterinary Department, 15 registered cows of members of these societies won prizes amounting to Rs. 39.

Four new veterinary first aid centres having been opened during the year, there are now 8 of these centres working in Sahibabad, Daulatpur, Palam, Buwana, Saidulajaih, Mehalpore, Hauz, Khas, Isepur and Jhatikara villages. They are increasing in popularity and treated 2,101 cattle against 741 in the previous year. The footbath at Palam is reported to have been useful in preventing epidemic diseases.

Consolidation of Land Holdings Societies.—Consolidation of Land Holdings is another important activity. With the formation of 10 societies during the year the number of villages completed in the province has risen to 39. One Inspector and 10 Sub-inspectors are employed and were able to consolidate 7,025 acres during the year; bringing the total area consolidated in the province to 29,350 acres. Out-turn of work per Sub-Inspector during the year has been 714 acres as against 672 acres last year. The cost of consolidation, paid wholly by Government, comes to Rs. 1-8-6 per acre and the scheme of assessing part of cost on owners, as in the Punjab, is under contemplation. The quality of the

work still requires improvement though it is now being done on more up to date lines, the village being laid out completely a new with spaces reserved for common heads and roads giving access to every cultivator's plot.

Consolidated villages provide a great stimulus to land improvement. So far 106 new wells have been sunk and 28 old unused wells have been repaired and brought into use. During the year 597 acres of land have been converted from *Barani* to *Chahi* and 15 acres from *Barani* to *Nehri* while 180 acres of waste land was brought under the plough. The sowing of vegetable and other paying crops is on the increase.

Better Living Societies.—The number of these societies is now 10 as against 7 of the last year, 3 new societies having been started which increased their membership from 189 to 412. Of the three societies registered during the year, two were started in Delhi City, a new venture which has proved of doubtful wisdom; for these have not done any useful work so far, and in one the rules framed by the society are being openly disregarded. Big cities do not offer a congenial ground for the successful working of these societies and these two will probably have to be cancelled. The remaining 8 societies are doing useful work in villages. Seven have enforced compulsory education of boys and all are attending to improvement of village sanitation, six of them having engaged their own sweepers, 65 soakage pits have been constructed, 245 ventilators installed in houses of members, 211 manure pits dug and 20 bore hole latrines prepared. Disinfection of drinking wells, construction of a bath-room for women, organising of rural games, and carpet-making are among the activities undertaken and in general the societies try to supplement the rural uplift programme initiated by the Delhi Officers' Board.

THE EIGHT ANGLES OF VISION

Help Village Reconstruction

1. *The Mill Owner* : If you want to sell your goods more rapidly ;
 2. *The Finance Member* : If you want more taxes ; 3. *The Politician* ;
 If you want *Swaraj* early ; 4. *The Unemployed* ; If you want more
 avenues of employment ; 5. *The Social Reformer* : If you want the
 community to advance more rapidly ; 6. *The Townsman* : If you want
 cheaper commodities of life ; 7. *The Railways* : If you want more
 Revenue ; 8. *The Trader* : If you want to give a better turn to the
 market.

SECUNDERABAD—DECCAN

(British Administered Areas of the Hyderabad State)

The following note has been contributed by Mr. M. G. Lakshminarasu, B. Com., Honorary Secretary, British Administered Areas, Central Co-operative Union, Secunderabad—
G. Ed.

The British Administered Areas of the Hyderabad State cover approximately 22 sq. miles and its population as per recent census is 1,22,708. This is purely an urban area. The Co-operative Societies Act II of 1912 is applicable to these areas. As there is no full scope for the establishment of a regular Government Co-operative Department for these areas, the Registrar of Co-operative Societies, H.E.H. the Nizam's Government is appointed as Registrar of these areas also. The progress of the co-operative movement in these areas since 1926-27 can be seen from the following statement:—

Year.	Total No. of socie- ties	Total No. of members	Paid-up share capital.	Reserve and other funds.	Working capital.	Amount of loans advanced.	Net profit.
			Rs.	Rs.	Rs.	Rs.	Rs.
1926-27	6	3,708	1,53,200	16,314	4,11,695	3,90,084	16,783
1928-29	9	4,532	1,72,485	16,234	4,30,900	3,95,162	16,791
1931-32	15	7,650	2,17,713	34,057	7,01,922	6,66,451	33,176
1934-35	25	9,972	2,29,879	81,281	10,71,240	9,94,685	33,965
1937-38	26	11,953	2,98,580	1,66,713	18,85,864	15,81,783	42,493
1939-40	26	13,700	3,06,843	2,13,772	26,48,147	21,08,086	35,401
1940-41	19	14,691	3,27,181	2,30,147	33,13,366	26,10,503	40,990

Credit (Employees') Societies.—On 31st July 1941, there were 13 credit societies working in these areas with a share capital of Rs. 2,09,093 and reserve and other funds of Rs. 1,60,624. They had a membership of 11,297. All of them were of limited liability type. During the year 1940-41 they earned a net profit of Rs. 22,730. The Nizam's State Railway Employees' Co-operative society is the biggest of the credit societies and has a membership of 8,696 and a working capital of Rs. 13,56,560.

Central and Urban Banks.—The Prudential Co-operative Central and Urban Bank is the biggest of all societies in these areas and the only urban bank to cater to the needs of the urban population in all

respects. This was started as a co-operative credit society in 1921, and in 1936 this was converted into a Central and Urban Bank. This is doing all round banking business. It has got one branch at Bolarum. The Bank advances money mainly on gold and houses. It works as central bank for all societies in these areas. Its working capital as at 31-7-1941 was about Rs. 17.4 lakhs. Its membership consisted of 17 societies and 2,988 individuals, paid up share capital amounted to Rs. 98,370 and the reserve and other funds to Rs. 69,031.

The Bank has its own imposing building worth about Rs. 70,000 with a big underground safe deposit vault, located in a most prominent business centre. The work of the bank is being conducted by the secretary, Mr. A. H. Venkata Rao, B.A., B.L.

Consumers' Stores.—There were 2 stores for the supply of provisions and other domestic necessities—the Secunderabad Co-operative Stores, and the Wesley High School Students' Stores—working during the year 1940-41. The former had a membership of 137, reserve and other funds amounting to Rs. 152 and paid up share capital of Rs. 2,585, while the latter, that is to say, The Wesley High School Students' Stores had a membership of only 17, reserve and other funds of about Rs. 200 and paid up share capital of Rs. 36.

Housing Societies.—During the year 1940-41 the following two societies were working, and a third one, the Secunderabad Co-operative Housing Corporation seems to have been registered.

The Fisherpuram Erukulas Co-operative Housing Society.—This society was organised on a co-partnership tenancy system. It is meant for housing poor class people, viz., Erukulas, who were living in most insanitary huts for hundreds of years in these areas. The Local Government was pleased to grant the society a piece of land covering two acres free of cost and a loan of Rs. 21,600 repayable in 15 years at 3 per cent interest. With this loan and also the contributions of members, 50 houses were constructed, each costing about Rs. 500. On 31st July 1941, the society had a membership of 50, reserve and other funds amounting to Rs. 43 and paid up share capital of Rs. 9,672. The amount of deposits and other borrowings was about Rs. 12,300, while the amount of loans outstanding was round about Rs. 15,000.

The Keyes Co-operative Housing Society.—The Local Government was pleased to grant a sum of Rs. 52,000 to this society with which 104 small houses at a cost of about Rs. 500 each have been constructed, and they are let out only to working class people on hire purchase system. The loan to the Local Government has to be repaid in 19 years at 3 per cent interest. Each occupant has to pay Rs. 5 per mensem towards his monthly instalment. The occupant is expected to become the owner of the house in about 19 years. This society purchased a number of plots in the extended areas in connection with the Town Improvement Activities and they were sold to its members. It obtained a loan of Rs. 20,000 from the Local Government repayable in

15 years at 3 per cent. The same has been lent to its members on the mortgage of houses constructed by them on the plots sold to them by the society. The loans are repayable in 15 years with interest at 5 per cent per annum. This society was started by Mr. K. Tatachar, B.A., B.L., a social worker of this place, and he was mainly responsible in securing these loans from the Government and working it up so far. On the 31st July 1941 it had a membership of 175, reserve and other funds amounting to Rs. 88 and paid up share capital of about Rs. 7,300. The amount of deposits and other borrowings held at the end of the year 1940-41 was about Rs. 43,300, while the amount of loans outstanding was about Rs. 18,200. During the year it earned a profit of about Rs. 960.

The British Administered Areas Central Co-operative Union.—The Central Co-operative Union was started on 11-12-1927 with a view to assist the Registrar of Co-operative Societies in discharging his statutory duties. Its objects are to organise societies, supervise them, and audit their accounts on behalf of the Registrar. The supervisor of the union conducts the statutory audit of the accounts of all societies in these areas, under the control of the Registrar. The main income of the union is derived from the Government grant. Besides, the Union collects supervision fees from societies and subscriptions from individual members. The original organiser of the union and its subsequent Secretary for several years was the late Mr. V. Daniel Chellappa Pillai, B.A., B.L., District Munsiff, Secunderabad, who was responsible for organising a number of societies. The Local Government has been nominating the District Magistrate of Secunderabad on the Board of Management of the Union, who is elected as the President of the Union. This union is peculiar due to the very nature and scope of its work unlike any other co-operative union in British India or its sister union in the Hyderabad State. There is, however a certain amount of similarity with the Punjab Co-operative Union.

QUALIFICATIONS OF REGISTRAR

Administrative experience and knowledge of the people and their economic conditions and ability to enlist the co-operation of honorary workers are essential qualifications.

—ROYAL COMMISSION ON AGRICULTURE,

BARODA

Provincial Editor

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BARODA

General Features.—The State of Baroda comprises four districts viz., 1. the northern district of Mehsana north of Ahmedabad, 2. the central district of Baroda, north of the Narbada in which lies Baroda, the capital city, 3. the western district of Amreli in the peninsula of Kathiawar and 4. the southern district by Navsari near the mouth of the Tapti. The area of the State as a whole is about 8,164 sq. miles with a population of 28,55,000 (1941). Hindus constitute about 4/5th of the population. The four rivers of the State, the Tapti, the Narbada, the Mahi, and the Sabarmati with their numerous tributaries drain the territory affording facilities for cultivation. Agriculture and pasture are the chief occupations by which about 63 per cent of the population earn their livelihood. Rainfall is not only not uniform throughout the State but also often unseasonal. Rice, wheat, maize, gram, castor oil, rapeseed, san-hamp, cotton, tobacco, and sugarcane are the chief products of the State. The State-owned railways are about 723 miles in length. Besides, the B.B. & C.I. Railway passes through the districts of Navsari and Baroda and the Rajputana-Malwa Railway passes through the district of Mehsana. The total mileage of metalled and fair weather roads in the State is 628 and 400 miles in length respectively. The administration of the State is vested in an Executive Council consisting of the Dewan and three ministers with the Maharaja* as the supreme authority. One of the ministers is appointed from among the non-official members of the Legislative Council, which consists of nominated members as well. The revenue and expenditure of the State during the year 1939-40 were Rs. 245.23 lakhs and Rs. 250.44 lakhs respectively.

A Retrospect.—Soon after the Co-operative Societies Act X of 1904 was passed in British India, the Co-operative Credit Societies Act was passed in the State in the year 1905 and it provided for the organisation of credit societies only. The Act was once amended in the year 1912 to make provision for the organisation of non-credit activities and to provide for the higher finance of the movement. It was again amended in the year 1927 not to make any change in the fundamentals of the co-operative movement but to provide for the classification of the societies, for the creation of provident fund and for the attachment of the members' property before awards by revenue process, enlarging the powers of the Registrar.

Commenting on the progress of the Co-operative Movement in Baroda, the Banking Enquiry Committee (1929-30) in their report observed that "the movement has only touched a fringe of the problem.

*Ruler: His Highness Farzandi-i-Khas-i-Dowlat-Englishtia, Maharaja Sir Pratap Singh Gaekwar, Sena Khas Khel, Samsher Bahadur, G.C.I.E.

Out of 2,902 villages in the State about 600 only can boast of societies and out of about 5,30,000 registered holders only 27,000 i.e., 8 per cent were members of societies. The average indebtedness of the Khatedar is about Rs. 400 and the society provides loans to the extent of about Rs. 200 only. Thus it will be seen that after nearly twenty-five years' working, the co-operative movement was availed of only by a small percentage of our agricultural population and that too in no great measure." It is more than a decade past since they made this observation and the progress of the movement made during this period also is rather slow but steady. The following statement shows the general progress of the movement in the State from the year 1925-26:

Year	No. of societies	No of members	Share Capital	Reserve & other funds	Working Capital	Loans issued during the year	Loans out-standing at the end of the year
			Rs.	Rs.	Rs.	Rs.	Rs.
1925-26	731	24,808	2,66,404	5,43,218	37,97,609	28,73,015	28,66,538
1929-30	1,045	39,210	53,09,63	8,87,207	71,40,680	20,30,528	58,82,302
1935-36	1,111	50,905	9,12,160	13,92,029	81,91,466	21,34,705	60,51,861
1939-40	1,297	65,920	12,36,708	17,63,947	1,01,98,528	27,25,292	15,39,916

Between the period 1925-26, and 1929-30, there was a rather rapid expansion of the movement. During these five years the number of societies rose from 731 in the year 1925-26 to 1045 in 1929-30, comprising of 4 central and 2 union banks, two supervising unions, 848 agricultural societies (734 credit and 114 non-credit), 162 non-agricultural societies (148 credit and 14 non-credit), and 27 others. As a result of this rapid growth, as much as an amount of Rs. 58·8 lakhs, roughly 6/7th of the total working capital, was blocked with the members at the end of the year 1929-30. Though there were as many as 734 agricultural credit societies at the end of the year 1929, about 150 of them were not working and out of the 114 non-credit societies, nearly 50 had no working capital. The position has since improved and at the end of the year 1939-40 there were in all 1,297 societies comprising of 9 central banks, 2 land mortgage banks, 2 supervising unions, 1,026 agricultural societies (777 credit and 249 non-credit), 207 non-agricultural societies (196 credit and 11 non-credit) and 51 others.

CO-OPERATIVE FINANCE

A. AGRICULTURAL SOCIETIES

There were 1,026 agricultural societies and taluka development associations in the State during the year 1939-40 with a membership of

36,450. These comprise 777 agricultural credit societies, 67 thrift societies, 12 supply societies, 4 ginning associations, 10 milch cattle, 11 power pump and water supply, one rice and pulse mill, 34 cotton sale, 2 pure milk, 2 ground-nut, 71 consolidation of holdings societies, 31 rural development associations and 4 other kinds of societies. The taluka development associations which comprise among their activities, schemes for the consolidation of holdings, promotion of cottage industries and improvement of agriculture and animal husbandry, and some of the other types of societies mentioned above in general do fall under the agricultural societies for purposes of classification. But they are referred to in greater detail under the section, 'Special Types of Societies.'

The share capital of these agricultural societies at the end of the year 1939-40 amounted to Rs. 1,67,825; reserve and other funds to Rs. 11,99,837; and working capital to Rs. 38,40,367. The societies advanced during the year a sum of Rs. 10,12,453. The amount of loans and deposits from government, banks and individuals held at the end of the year by all the societies was Rs. 24,72,705 while the amount of loans due by members was Rs. 28,09,529. The percentage of loans overdue was 31.9. These societies continued their non-credit activities regarding the introduction of better kind of seeds and new varieties of crops besides encouraging the increased use of artificial manures. The unfavourable agricultural season and the low level of agricultural prices affected the financial position and the repaying capacity of the agriculturists, thus giving cause for anxiety with regard to the condition of primary agricultural societies. It was reported that new societies were sparingly registered and the principle of controlled credit and joint sale is applied to them while the old ones were advised to adopt the same basis. During the year, about 78 societies seem to have adopted the by-laws of controlled credit and multi-purpose functions and it was hoped that under these by-laws, the controlled credit would result in regularising the repayment. Necessary steps were set afoot for the reconstruction of societies which were badly affected.

B. CENTRAL BANKS

In Baroda there are three kinds of institutions which finance the co-operative societies in the State and they are 1. Central Banks, 2. Banking Unions and 3. Agricultural Pedhis (banks). The former two types of banks lend only to societies affiliated to them as share-holders, while the latter, that is to say, the agricultural banks advance loans to individuals as well, who are share-holders. The capital of the central banks and banking unions is mainly raised from societies and individuals and there is no representation of government on the boards of directors. In the case of agricultural banks, government originally subscribed half of the capital and have two officials as members on their boards including the Suba of the district, who acts as the president.

There were eight central banks and banking unions at the end of the year 1939-40, three of which were district banks and the remaining five taluka banks. Their share capital at the end of the year was

Rs. 2,35,723; reserve and other funds Rs. 2,76,513 and working capital Rs. 16,03,566. These banks issued loans to the tune of Rs. 4.18 lakhs during the year. The amount of deposits from societies and others and loans from government held at the end of the year by these banks was Rs. 9,94,530, while the amount of loans outstanding at the end of the year was about Rs. 11 lakhs. The rates of interest on loans advanced by these banks ranged between 5 and 6½ per cent. Some of these institutions interest themselves actively in the organisation and promotion of joint purchase and sale of the agricultural produce of their members with a view to help them to obtain better prices in addition to their acknowledged duty of providing credit. It was reported that the Kodinar Banking Union, about the special features, including work on a multi-purpose basis, and working of which the Reserve Bank published a bulletin, the Mehsana Central Bank and the Damnagar Bank have made appreciable progress in this direction. During the year 1939-40, the Kodinar Banking Union alone sold about 11,673 maunds of seed-cotton of 32 societies and 2,579 maunds of millet (bajri) of 37 societies of the value of Rs. 53,874.

There were four agricultural banks working during the year governed by a special Act. At the end of the year 1939-40 their share capital amounted to Rs. 1,77,182; reserve and other funds to Rs. 1,49,114; and working capital to Rs. 7,17,818. At the end of the year these banks held deposits to the extent of Rs. 3.92 lakhs. The amount of loans issued by them to societies and individuals was about Rs. 88 thousands. The amount of loans outstanding at the end of the year was Rs. 3,25,734—1,36,291 from societies and Rs. 1,89,443 from individuals. It was reported that the financial difficulties of these as well as central banks brought about by overlapping finance, advancement of loans beyond repaying capacity, and for unproductive purposes on sole reliance of the value of property in possession of the borrower, bad harvest and low prices and lack of interest in non-credit activities have since been solved to some extent owing to the reconstruction of the societies and consequent regular repayment of instalments by members. These agricultural banks also do some non-credit work in the direction of supplying better seed to members and obtaining better price for their produce.

There is no provincial or apex bank in the State.

C. LAND MORTGAGE BANKS

Early History.—The attention of His Highness late Shree Sayajirao Maharaja Saheb of Baroda, who is well-known for pioneering many nation-building activities in the State, was drawn towards the problem of land mortgage credit as early as 1901 A.D., when he passed orders to prepare a census of ryots' debts. Several attempts were made by him since then to understand and tackle this problem by appointing committees in 1901, 1912 and 1918 A.D.

It was found in 1901 A.D. that 60 per cent i.e., 1,57,772 holders of land out of the total of 2,53,734 in this State were indebted. The total amount of their debts was Rs. 7,57,17,190 i.e., about Rs. 460 per head.

On further analysis it was found that the average debt per head in the districts of Baroda, Navsari, Kadi and Amreli were Rs. 620, 469, 428 and 318 respectively, and that these figures vary in proportion to the value of land in respective districts. The total amount of debts in 1912 and 1918-19 were found to be Rs. 80,64,452 and Rs. 8,03,55,316 respectively.

No practical steps were taken till 1911 A.D. when His Highness appointed another committee to suggest practical steps to tackle this problem. This committee examined the whole problem of rural finance and suggested the establishment of central co-operative banks for both long and short term finance and such banks were established in all the districts of the State.

Mr. (now Sir) M. B. Nanawati, who was then the Registrar of Co-operative Societies, submitted for the first time in 1916 a scheme for establishing independent banks for long term rural credit. It was set aside temporarily, but was submitted to Government several times between 1918 to 1923; but nothing was done in the matter. His Highness appointed the Land Mortgage Bank Committee in 1924 under the Chairmanship of Mr. M. B. Nanawati. This committee, after studying this problem in great detail in the light of the experiment of 1918, recommended the establishment of separate land mortgage banks in the State and prepared the scheme in full details. But no action was taken on this recommendation due to unfavourable conditions in money market.

The Baroda Land Mortgage Bank.—The advent of the general economic depression in 1927 made the problem of indebtedness very serious. The burden of debts of farmers began to grow very rapidly. The Baroda State Government, under the able guidance of Sir V. T. Krishnamachari, the Dewan of this State were not late in taking action in this matter. They arranged to start the Baroda Co-operative Land Mortgage Bank Ltd., in 1933 as a first practical step to supply long term credit to farmers to enable them to redeem their debts. After having seen the actual effects of the activities of this bank, which are really very encouraging, they have started another such bank for the Navsari district, which has commenced work during 1939-40. It will be useful to study in some detail the constitution and working of these two Co-operative Land Mortgage Banks in the State.

This is a share-holders' bank, registered under the Co-operative Societies Act of Baroda State. The authorised share capital is Rs. 25,00,000 divided into 50,000 shares of Rs. 50 each of which Rs. 25 have been called so far. Any individual or institution of Baroda State who is capable of making a contract is entitled to be a member of this bank by purchasing at least one share. No member is authorised to hold more than 40 shares. A member holding 20 or more shares is eligible to become a director.

The bank is authorised to raise its funds by issuing shares and debentures and also by receiving fixed deposits. The total liability thus incurred can never exceed ten times the share capital and reserve

fund. The maximum period for which debentures can be issued is 25 years. The maximum rate of dividends to be declared by this bank is 7 per cent. But Government have instructed not to declare dividends exceeding 4½ per cent so long as the bank gets financial help from Government towards its expenses. The bank has to set apart at least 10 per cent of its profits to the reserve fund; this rate is to be increased by 1½ per cent every year till it reaches 25 per cent. It has also to create a separate sinking fund for debentures and has to set aside 3 per cent of the face value of the debentures issued for this fund. The management of the sinking fund is entrusted to a committee consisting of the State Accountant General, who is also trustee for debenture holders, the Registrar of Co-operative Societies and the Chairman of this bank.

The loans of this bank are advanced only to its members and only against the security of land worth at least double the amount of loan. Loans are advanced only for the purposes of redemption of debts, purchase of land and improvement of land and agricultural activities. No member is allowed to take loans below Rs. 500 and above Rs. 5,000 and unless all his debts are capable of being cleared up with the amount of loan taken from this bank. Great care is taken to see that the loans advanced are being used for the purposes for which they are granted. The creditors of the borrowers are being called and paid their dues in the presence of the Bank's staff. The rate of interest charged on these loans is 6 per cent. These loans are recovered by equated annual instalments varying from 5 to 25. The office staff and valuation office are trying to conciliate the debts of our borrowers while paying the amounts to the shahukars by persuasive methods. In case some shahukars refuse to forego any amount reasonably settled, the amount sanctioned is withheld; and the borrower is asked to go to the court of law to settle his accounts with the shahukars according to Debt Regulation Act which does not permit the shahukars in this State to charge more than 6 per cent simple interest since about 1927 A.D. irrespective of the terms of the original contract.

The Baroda State Government are taking keen interest in the affairs of this bank since its start, they have given some very useful and liberal concessions to this institution. They have guaranteed the principal and interest of debentures worth Rs. 3 lakhs issued by this bank at 3 per cent. They have defrayed all the expenses of this bank for the first year and have contributed half of the office expenses for next four years. They have lent the services of a valuation officer free of any cost to this bank for eight years and agreed to pay some amount to this bank towards its expenses for three years more i.e., up to the end of the eighth year of the bank.

This bank restricted its lending operations to only one taluka for first two years; but has now extended its activities for almost all the talukas of the Baroda district. The progress of this bank is very satisfactory as will be seen from the following figures up to 31-7-1940:

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<i>Funds</i>	<i>Rs.</i>	<i>A.</i>	<i>P</i>
1. Paid up share capital up to 31-7-40 ..	1,13,675	0	0
2. Paid up debentures ..	3,00,000	0	0
3. Fixed deposits ..	1,96,261	3	6
4. Reserve and other funds up-to-date (about)	37,000	0	0
5. Sinking fund for debentures up-to-date	27,000	0	0
Loans advanced in 7 years			
Persons		386	
Amount	Rs. 6,85,375		
Amounts due from borrowers on 31-7-1940			
Persons		362	
Amount	Rs. 5,61,540	6-7	
Instalments in arrear			Nil
Amounts of loans utilised for payment of borrowers' debts amounting to about	Rs. 8,11,312		
Amounts conciliated while paying off these debts	Rs. 1,27,237		
	i.e., 16 per cent.		
Totals of seven years:		Rs.	
1. Government's contribution for valuation officer up to 31-7-1940 about	..	8,722	
2. Towards office expenses about	..	10,730	
3. Total profit in seven years about	..	62,400	
4. Total expenses of office management in seven years about	..	19,318	
5. Total amount of dividends paid in seven years about	..	22,000	

The Navsari Land Mortgage Bank.—The Navsari Land Mortgage Bank started work during the latter part of the year 1939-40 in six out of the 8 talukas of the district excepting the Palsana and Kamrej talukas. It has a subscribed capital of Rs. 37,500, and issued its first series of debentures for Rs. 3 lakhs at 3½ per cent interest. Of these, the public purchased debentures worth Rs. 1,24,245 and the government is understood to have agreed to purchase half the debentures. The bank advanced loans to 14 persons during the year and their debts amounting to Rs. 28,932 were compounded for Rs. 22,000. The lending rate of interest was 6 per cent. It declared no dividend at the end of the year.

Land Mortgage Banks are bound to play an important part in any scheme started for relieving agricultural indebtedness in the State. Among their benefits, the following two may be mentioned:

1. The borrowers have been benefited to the extent of Rs. 1,27,237 by way of conciliation of this facility of paying off their debts in cash.
2. The presence of such well organised agency in the field of rural finance seems to have developed a tendency amongst local money-lenders to lower their rates of interest and to improve their manners in dealing with their debtors, so that their business might still continue to flourish in spite

of the advent of such rival agency. Thus such banks are indirectly helpful even to those who do not borrow from them.

D. URBAN BANKS

At the end of the year 1939-40 there were 26 urban banks with a membership of 10,904 and a working capital of Rs. 30,01,060. Their share capital amounted to Rs. 3,84,160 and reserve and other funds to Rs. 1,71,120. The amount of deposits held by these banks at the end of the year was Rs. 24,23,164 and the amount of loans issued during the year was Rs. 8.38 lakhs. The amount of loans outstanding was about Rs. 15.9 lakhs. It was reported that these societies worked well.

Employee's Societies.—In the year 1939-40, there were 14 societies with a membership of 3,720; share capital of Rs. 88,060; reserve fund of Rs. 17,100; and working capital of Rs. 3.55 lakhs. They did a loan business of Rs. 2.14 lakhs.

CONSUMERS' STORES AND SUPPLY SOCIETIES

There were 9 urban stores, 21 students' stores and 8 village societies for supply of household goods. The urban stores have not made any tangible progress except the Okha Port store, which sold household goods worth Rs. 19,416 to 109 members, the Baroda City Milk Depot which sold milk worth Rs. 18,545 at a profit of Rs. 951 and the Pustakalaya Mandal, the activities of which are detailed under the head Special Types of Societies. The 21 students' stores have a membership of 1,772 and a working capital of Rs. 3,735 and sold goods worth Rs. 4,835 during the year 1939-40. Of the 8 village societies only one society viz., the Vakal society which has opened a branch at Umapada did very good business during the year. Its membership rose from 311 (1938-39) to 944 during the year and supplied household goods worth Rs. 45,066 at a profit of Rs. 4,122. The 5 seed supply societies could not do any work during the year.

SALE SOCIETIES

In addition to the non-credit activities of the credit societies in the State, in the direction of supplying pure seed to members and obtaining better price for their products separate sale societies have been organised with a view to facilitate better marketing. There are 45 sale societies—37 for cotton, 2 for groundnut, one for sugarcane growers' association, two pure milk supply societies and three for other agricultural products; besides the 7 societies organised with a view to facilitate the marketing of cotton and ensuring purity of seed, to distribute B.D. 8 cotton seeds to their members, and encourage farmers by giving crop loans at 4 per cent interest on condition that they should sell their produce through the societies. The cotton societies distri-

bute approved types of good seeds to members and advance Rs. 3 to Rs. 5 per Bigha for agricultural purposes. The members bind themselves to bring their produce for sale through the societies. The societies lend against such produce brought, an amount not exceeding 75 per cent of the then market price of the goods. Previous crop loans, if any, are generally made good from such advances. The balance of the cost, on realisation is given away to the members at a uniform rate in proportion to the quality of kapas brought, after deducting ginning, pressing, insurance charges and commission, which do not ordinarily exceed a rupee per Bhar. These societies realised during the year 1940-41 from the sale of cotton an amount of Rs. 11,62,336. With the organisation of these societies it has been possible for the farmer to realise an adequate price for his produce.

There is yet another type of societies for the sale of cotton in the State. These societies also issue cultivation loans of Rs. 3 to Rs. 5 per Bigha to members for agricultural purposes and supply improved strain of seeds also. When the plants mature, the employees of societies examine the strain so as to ensure 100 per cent purity. The societies arrange to get the exact market rate of lint and determine the price per Bhar of cotton at which they can profitably sell. They inform members of the daily market prices of cotton. On receiving intimation from the members as to the quantity and price at which their cotton has to be marketed, the local dealers are invited to give their offers. If the offers given are higher than the prices fixed by members the business is struck and if not the society is at liberty to withhold the goods for a favourable market closing transactions for that day. Ordinarily such business is done only on 'cash and carry' system.

With a view to enable the backward people get decent price for their cotton produce, the government appoint one officer in each of the selected *mandis* to which the agriculturists of that tract bring their produce for marketing. The duty of the officer thus appointed is to watch the weighments and see that proper price is paid to the peasant and take criminal proceedings against those traders who try to cheat the peasantry. If this experiment proves successful, the government, it is understood, consider the erection of warehouses where the lint-cotton of the farmers may be safely stored for favourable markets. It seems that there is a proposal to organise a central sale union, for controlling and co-ordinating the working of the sale societies.

The two groundnut sale societies working help the producers to hold up their produce for better prices. The chief objects of the pure milk supply societies are to supply pure milk and obtain better prices for the farmers. The Nizampura Milk Supply Society during the year 1939-40 supplied 39,026 lbs. of pure milk. The sugarcane growers' association advances crop loans to its members and has sold 4,15,769 maunds of cane to the mill during the year 1940-41.

SPECIAL TYPES OF SOCIETIES

The Pustakalaya Sahayak Sahakari Mandal (Libraries Co-operative Society).—With the development of the library movement in the State, necessity for the joint purchase and supply of needs of the libraries, particularly village libraries, was felt and the then assistant curator of libraries, Mr. Motibhai N. Amin, thought of meeting the need on a co-operative basis. Accordingly, the Pustakalaya Sahayak Sahakari Mandal was organised and registered in the year 1924. The aims and objects of the society are :—

(1) To purchase books, newspapers, periodicals etc., wholesale and supply them cheap to the members, (2) to publish catalogues, cards, forms, leaflets, books, periodicals etc., relating to libraries and sell them, (3) to keep and invest reserve funds of libraries in sound securities and to publish their accounts at the end of the year, (4) to accept trust funds exceeding Rs. 100 pertaining to libraries and to manage them according to the terms of the trust, and (5) to do all other acts to fulfil the aims for which the libraries are established.

The membership of the society is open to libraries as well as individuals. The authorised share capital is Rs. 50,000 divided into 2,000 shares and subscription is limited to 40 shares. The maximum dividend is limited to 6 per cent. The society gets a large commission from book publishers and depots on the orders it is co-operatively enabled to place with them. The society keeps 10 per cent of the commission and passes on the rest to the members. The railway freight is paid by the society from its commission. The society also pays subscription etc., to newspapers and periodicals on behalf of the libraries as it is a cheap and convenient arrangement to the libraries. It also publishes a magazine wherein reviews of important books on various subjects are published for guidance to the libraries in the selection of books. It also includes all circulars of the State Library Department as are issued from time to time. The society has a contract for all Government publications.

The following figures indicate the financial position of the society at the end of 1940-41:—

	Rs.
Share capital	.. 35,325
Reserve fund	.. 9,475
Investment-sinking fund	.. 4,900
Reserve funds of affiliated libraries and fixed deposits	.. 1,96,756
Trust funds for libraries as deposits	.. 19,362
Investments	.. 69,083

The Vidyarthi Sahayak Sahakari Mandal (The Students' Aid Society).—As a result of the liberal policy of education in the Baroda State, a demand for higher education had grown up but its ever increasing cost placed it beyond the reach of the poor and middle-class students. In order, therefore, to help the promising youths in obtaining the advantages of such education, a students' aid society was organised and regis-

tered in Baroda in 1939 for the Vakal, Kahn timer and Chorashi tracts of the Baroda District. The society followed the lines of a similar society established for the Charotar tract of Gujarat (British and Baroda) and registered in Bombay in 1920 and later registered in Baroda in 1931. The aims and objects of the society are:—

(1) To give financial aid to students for higher education in arts, sciences, commerce, industries etc., in India and abroad, (2) to help the students with necessary finance during the period of their training in industries either as regular students or as apprentices, (3) to help the students with money, advice, and recommendations in finding suitable employments in India and abroad, (4) to help the students in repayment of their study loans, (5) to work as an information bureau for the students, (6) to run boarding houses in important centres of education for students of the area of operation of this society, and (7) to accept trusts for education and manage them for villages, families or individuals in the area of operation.

There are four institutions of this type in Baroda, of which one has not started work. Only persons residing in the area of operation can be members but provision is made for philanthropists, libraries, co-operative societies and educational institutions to hold shares in the society. The maximum dividend is restricted to 4 per cent. The rate of interest on loans is 6 per cent. The loans are given to the students or their parents provided they furnish adequate security in the form of two or more reliable securities for loans upto Rs. 500 and a life insurance policy in addition for loans above Rs. 500. The maximum loan in a year is Rs. 500 for study in India and Rs. 2,000 for abroad. Repayment of loan is provided in small monthly instalments and within a maximum period of 10 years from the time, the borrower begins to earn.

The progress of the institutions will be seen from the following figures quoted from the annual report of the year 1940-41:—

Name of institution	Member- ship	Share capital	Reserve & other funds	Total loans advanced with number of students in brackets	Total loans out- standing with number of students in arrears
		Rs.	Rs.	Rs.	Rs.
The Charotar Vidyarthi Sahayak Mandal.	610	51,675	11,452	1,37,432 (22)	52,773 (58)
The Kahn timer Vakal Vidyarthi Sahayak Mandal.	117	3,060	26	2,966 (9)	2,966 (9)
The Vaso (a Charotar town) Vidyarthi Sahayak Mandal.	82	2,850	1,054	15,003	15,003

The Cotton Growers' Co-operative Ginning and Pressing Association.—A decade ago, the agriculturists in Gujarat had to depend on petty merchants and their agents for the sale of raw cotton which when brought to the ginning factory was ginned at a rate which varied in accordance with the supply of cotton. The factory owners used to organise themselves into association with a view to charge uniform but all round high rates for ginning and pressing at all their factories and ultimate sufferers were the agriculturists. To end this exploitation at the hands of merchants joint sale of cotton was successfully organised and undertaken by the agriculturists. Emboldened by the result of the co-operative joint sale of cotton the agriculturists of the area round about Bardoli belonging to the Baroda territory combined together where all the capitalistic ginning factories on the Tapi Valley, line joined together into an association and increased the rate of ginning from Rs. 4 to Rs. 6 per Bhar (24 Maunds) in 1932-33 and started a co-operative ginning factory at Baben on a purely co-operative basis. Later on it started pressing work also.

The aims and objects of this society are:—(1) to gin and press cotton for members as well as non-members; (2) to utilize the machinery in some profitable work after the cotton season is over, (3) to finance the members on the pledge of their seed cotton or cotton and help them in selling or warehousing it, (4) to erect factories in the area of operation of the society according to needs, and (5) to supply a better quality of seed to members.

The Society was started with a capital of Rs. 1.25 lakhs divided into 25,000 shares. It has a membership of 539 spread over 23 villages of the State and an equal number of British villages round about Bardoli Taluka. Membership is open to only those undertaking to bring their seed-cotton to be ginned at the factory. The owned capital of the factory is Rs. 77,560 and it owned land, machinery, buildings and warehouses worth Rs. 64,529. It ginned 8722 bhars (Bhar=24 Maunds) in 1939-40. As a result of co-operative ginning, the rate of ginning per Bhar which was Rs. 4 before the gin was established and which was raised to Rs. 6 by the capitalistic concerns was reduced to Rs. 3-8-0 and a rebate of As. 2 per bhar was allowed to the members. The Government gave a subvention of Rs. 1,200 to this factory as encouragement. The factory enjoys good credit in the business world. The factory was paying interest at 4½ per cent on deposits but now it attracts deposits at 2½ per cent.

The success of the co-operative ginning factory at Baben was so great that in 1938-39 a similar society was organised at Kosamba in the Navsari District both for ginning and pressing with a membership of 187 and authorised share capital of Rs. 14,725. Another concern of the same type is being organised at Samalaya (Baroda District) with membership of about 200 and authorised capital of Rs. 2,00,000, and is expected to work in the current season. Its area of operation is 20 miles round about Samalaya. It may be noted that the spirit of co-operative business has caught on and we expect two or three ginning associations in the coming year.

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Rs. 2,50,000 during this period. It accepts insurance proposals for a minimum amount of Rs. 100 and a maximum of Rs. 5,000. To meet initial deposit the society issued debentures worth Rs. 30,000 at 4 per cent redeemable within a period of 20 years. The expense ratio of the society is limited by its by-laws to 90 per cent of its first years' premium income and 25 per cent of its renewal premium income which is to be reduced to 15 per cent after the expiry of the first 5 years of its working. This is a special feature of co-operative insurance in India.

The Power Pump Irrigation Society.—The continuous failure of rainfall for the last several years had necessitated the provision of irrigating facilities for the salvaging the crops from droughts in this part of Gujarat. Water lifting by bullock-power was found tedious and cumbersome by the agriculturists and a large number of machine pumps were installed by capitalists to trade in irrigation water supply. These traders used to levy such heavy charges to members, that sometimes the value of crops could not square even the watering charges. This led to co-operative effort in this direction. There are about ten such societies registered and working in the State. Government grants loans upto Rs. 5,000 at easy rate of interest on suitable security to these societies.

The aims and objects of this society are:—(1) To obtain loans from government to achieve the end in view, (2) to select or dig a well capable enough to supply sufficient water for irrigation to its members, (3) to install machinery and pumps and to supply water as cheaply as possible, (4) to put up or construct channels to carry water to the farthest fields, (5) to arrange the supply of water for irrigation in a way suitable to the members, and (6) to utilise the machine powers profitably when irrigation is not required.

Most of these power pumps worked in 1940-41 and supplied water to 204 members at rates varying from Rs. 0-8-0 to Rs. 1-6-0 an hour. The pumps worked for 9,078 hours and irrigated 642 bighas of lands. These owe Rs. 9,144 to Government at the end of the year. The loans bear interest at 3½ per cent and are to be repaid in ten instalments, no interest being charged for the first two years.

The Taluka Rural Development Association.—With a view to attract rural workers to take interest in beneficial measures introduced by Government and to spread knowledge of these measures in rural areas, certain well meaning officials considered the idea of bringing them together into an association for the purpose of developing the rural areas. Thus the first Taluka development Association was organised in a backward part of the state and registered in 1932. The aims and objects of this association are:—(1) to improve agriculture and animal husbandry, revival of rural industries, and propaganda for consolidation of holdings, (2) to spread the co-operative movement, (3) to improve the working of village panchayats, (4) to create facilities for the education of adults by conducting night schools and encourage physical education and establish libraries and reading rooms, (5) to inculcate sanitary habits in the rural population and thus prevent epidemics and promote health,

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(6) to propagate social reforms including curtailment of expenses on ceremonies and prevention of child marriages, and (7) to publish leaflets on subjects of common interest and reports of work done. The finances of the Association are derived from membership fees, grants from government and panchayats and donations from other societies. Quite a large number of similar associations were later on established in different parts of the State; but it must be stated here that only a few of them were able to show some appreciable work. The membership of all the working institutions together is 2,653 and they had about Rs. 9,115 working capital at the end of the year 1940-41. The success of the working of these societies largely depends on the disinterested service of the public workers in the area and it may be stated that a particular institution with aims and objects as stated above, did useful work in all directions and set an example to workers in other areas.

Backward Classes Societies.—There were 101 societies for backward classes—56 weavers', 28 chamars' and 17 bhangi with a membership of 2,621, share capital of Rs. 11,276, reserve fund of Rs. 25,484, and a working capital of Rs. 1,07,723. These societies did a loan business of Rs. 38,607 during the year 1939-40. The deposits held amounted to Rs. 36,549 while the arrears due were Rs. 88,754. It was reported that the increase in membership and working capital of the weavers' and chamars' societies was mainly due to the fillip given to the cottage industries in the State and the special training imparted to this class of people by peripatetic demonstrators in improved methods of weaving and tanning. The slow progress of the movement amongst the backward classes was attributed to want of good leaders and sincere workers amongst them and the lack of interest on the part of municipal members in their welfare.

Thrift Societies.—There were 88 thrift societies—67 agricultural and 11 urban (non-agricultural) working during the year 1939-40. Seventy-three of the 88 societies were women's societies with a membership of 1,653, reserve fund of Rs. 721 and working capital of Rs. 15,738. The men's societies had a membership of 157, reserve fund of Rs. 348 and working capital of Rs. 7,575. The savings effected by women's and men's societies were Rs. 13,920 and Rs. 6,971 respectively.

House Building Societies.—There were 15 house building societies working in the year 1939-40. 8 of these societies were in Baroda city, while four were in Navsari, two in Mehsana and one in Baroda districts. Only 4 of these societies were able to acquire 151 plots for construction of houses. They constructed during the year 136 houses and the number of houses under construction was 4. The societies in Baroda city are being financed by the Baroda Central Bank while those in Kosamba and Navsari worked with their own capital during the year.

Though a co-operative rice and pulse mill was registered it was reported that due to the failure of crops it could not start work during the year. The milch cattle societies and the societies for consolidation of scattered holdings have not made any progress during the year 1939-40 worth mentioning.

SHRI SAYAJI SAHAKAR SANGH

(The Baroda State Co-operative Institute)

At the time of the Golden Jubilee celebrations of the late His Highness Sri Sayajirao III's accession to the throne independent public benefitting co-operative organisation, whose name is linked with the late Maharaja and which arose to commemorate the celebrations, came into existence with the propagation of co-operation in the State, on 2—2—1926, after getting itself registered under the Co-operative Societies Act through the efforts and inspiration mainly of the late Mr. Sevalkal Dalsukhbhai Parikh, who was Registrar of Co-operative Societies in the State at that time, Rajratna Vakil Girdharlal Dosabhai Parikh, Member of the State Assembly and leading lawyer, and late Mr. Chimanlal Girdharlal (of the firm of Messrs. Zavarchand Laxmichand). The Sangh's field of action is limited to the State territories. It is the only central organisation for the whole State. Its objects have been accordingly determined and in the main they are:—(i) to develop the spread of the co-operative movement by propagating co-operative doctrines in the State; (ii) to propagate co-operative principles through co-operative conferences and co-operative gatherings and to solve baffling co-operative problems; (iii) to conduct training classes for co-operative workers and members; (iv) to plan and execute propaganda so that co-operative societies work on co-operative bases; (v) to propagate co-operative doctrines through posters, leaflets, magazines, booklets, books, lectures, writings, etc; (vi) to start special types of co-operative societies and help them in every way in the initial stages; (vii) to collect information and facts regarding all sorts of co-operative societies, and to give proper guidance through expert advice and suggestions to all the working societies established in the State and keep a watch over them; (viii) to conduct a central library where any co-operative worker or anybody interested in the movement may easily find knowledge of several kinds regarding co-operation and facts regarding our country and abroad; (ix) to encourage study and research on subjects and problems regarding co-operation and to prepare and publish literature regarding it; (x) to create feelings of brother-hood among the members of the co-operative societies and to unite co-operative workers by encouraging such brotherhood; (xi) to form ideas and opinions on all problems and things regarding co-operative movement and to publish them for the information of all; (xii) to submit proper suggestions to the department on the development of the whole co-operative movement at the end of every three years; (xiii) to prepare and publish yearly programmes of the Sangh after getting them made ready by a committee of experienced men and to see that the whole programme is finished by the parties concerned within the scheduled time; (xiv) to make efforts for the all-round progress of the co-operating members; and (xv) to handle any movement regarding co-operation.

Constitution.—This co-operative institute is the only central body working for the whole State. Its executive is selected annually according to its by-laws and the management is so arranged that its work goes on smoothly. The general body of the Sangh has complete control over the executive. An executive committee is elected for the conduct of the Sangh's affairs. In it are included the President, the Vice-President, Honorary Secretary and other ordinary members from different districts. Last year its constitution was overhauled and put on a broader basis. His Excellency the Dewan Saheb is its ex-officio President. Its Vice-President is Mr. Lallubhai Kishorbbhai Patel, a well-known pleader and a member of the Legislative Assembly and Mr. Bhailalbbhai Jesangbbhai Patel, a well-known lawyer and member of the District Local Board, works as its honorary secretary. The Registrar of Co-operative Societies is an ex-officio member of the executive. There are other 14 ordinary members and two members are representing the District Local Board of Baroda. This committee of 18 gentlemen does the executive work of the Sangh. The Baroda District Board has given Rs. 1,000 as help this year and that is why its two representatives are taken on the executive. The Amreli District Board has also contributed its mite to the Sangh.

Review of progress.—This Institute was started in the year 1926-27. But in the few years of its beginning, there was not satisfactory development because of the want of the number of good workers who being interested in the movement could help its work more quickly. But as a matter of fact from the year 1930 onwards, its work considerably expended and there was considerable progress in the direction of co-operative propaganda. Members also increased in large numbers. Co-operative conferences and training classes were held according to plan and people were enthusiastic about its work. In the beginning there were 422 societies and 52 individual members, but by the end of 1940-41 their number increased to 600 society members and 481 individual members. Thus a big rise has been recorded in its membership. To-day its total number of members is 1,081.

Conferences and Training Classes.—In addition to making propaganda and giving direction in their work to all the co-operative societies in the State sound efforts are made to spread the gospel of co-operation among the rural folk. According to the by-laws of the Sangh district co-operative conferences and sectional gatherings are held throughout the State from the point of education and propaganda. Its workers are making efforts to attract people to such meetings and to explain to the people their benefit. The executive of the Sangh helps in such efforts. Efforts are also made for finding ways out of discussions on co-operative problems and transactions. Up to the present date 45 such conferences have been held. Also the Sangh made proper arrangements for and welcomed all the workers of the co-operative banks when they assembled together in a conference at the instance of the Co-operative department. In addition to this, training classes ranging from 8 to 15 days are conducted on a model which induces the

members to understand their responsibilities and which inspires them to honest action and which makes them proficient in accounting matters. Experts on different subjects taught in the classes are invited to lecture on them to the classes. It is also planned to give all available information to the members attending the classes so as to render them useful in the daily transactions of the society.

So far 31 training classes have been held. Moreover a big training class for the whole of the State lasting for 2 months is scheduled to be held in the near future. In addition to these ordinary classes, a distinguished class for the whole State was held in 1931 and it imparted best information regarding co-operation to all co-operative workers, bank managers, propagandists, auditors, inspectors, etc. To make this class more attractive and capable of yielding more constructive results, distinguished workers in the co-operative movement in the Bombay Presidency like Professor Kaji of Bombay, A. W. Malji of Broach, Rao Sahib Vrandravan Jadhav of Surat, etc., were invited and their co-operation sought in imparting all sorts of information on all the ins and out of the movement. In all about 1300 members have taken benefit of these classes. Such trained up people are proving of greater use to the societies concerned.

Literature.—It was found necessary to supply the public with the latest trends in the movement. So "the Rural Life, Co-operation and Agriculture" was started as a magazine twelve years ago. It dealt with different topics connected with co-operation in and outside India. It was a quarterly from the year 1930 to 1933. After that it was converted into a monthly. It was so planned that members could get at their homes information on co-operation and allied subjects and propaganda for co-operation may be intensified. The development departments of His Highness' Government co-operate in the publication of this monthly. Its circulation is fairly spread within and without the State territories. With the monthly are often issued booklets giving special information on co-operative doctrines, their methods and other information. This Sangh has so far published 17 such booklets pertaining to the co-operative movement. This monthly and booklets are supplied free to the individual and society members of the Sangh. Moreover, printed forms useful to the State Co-operative Societies are supplied at cost price by the Sangh to the societies concerned.

Intensive propaganda.—This Sangh devotes special attention towards spreading co-operation and its benefits among the people. The workers of the Sangh visit district villages to give actual information for the conduct of the societies and the doctrines of co-operation. Such continuous visits are arranged through the execution of the Sangh. During these tours co-operative doctrines are explained to the people and information is given on problems of purchase and sale on co-operative basis and thus eliminating uneconomic waste. Public lectures are also arranged for the same purpose. More efforts

are made to establish credit and non-credit societies and to create enthusiasm for co-operation among the public through magic lantern slides dealing with beneficial results of co-operation. In short "victory for co-operation" campaign is carried on in every village of the State and the members of the Sangh are always making efforts in the same direction. In addition to continuing without interruption propaganda for co-operation, an experiment for localizing various co-operative activities and developing them in that particular local centre has been undertaken by the Sangh. Such localized propaganda for co-operation was undertaken in Karjan sub-district in the year 1938-39 by experienced workers and as a result strength and enthusiasm were given to all the co-operative activities at Karjan. On account of that experiment the local societies there are working better and have been a model for other societies. Moreover a 'Co-operative Day' is celebrated in the whole State according to the directions of the Sangh.

Constitution of the Taluka Sanghs.—In accordance with the new by-laws that came into force last year branches of this Sangh are set up in every taluka and the gospel of co-operation, it is expected, will be spread through them to all the nooks and corners in that State. Strength is lent to the movement for the propagation of co-operation by the establishment of taluka sanghs. Ten such sanghs have been organised within the last year and efforts are being made to establish many more such sanghs. It is expected that public co-operation will be coming in greater quantity in the encouragement of non-credit works and spread of the co-operative movement. The constitution of these taluka sanghs is decided by the central Organisation and they have to work on set standards in their respective spheres. On the whole, the management of the Sangh moves on smoothly through the active co-operation, help and guidance of the Co-operative department of the State.

Finances.—Expenses are incurred economically after propaganda in the whole State on different aspects of co-operation. The Sangh has limited sources of income. Its first source of income is the annual subscription payable by its individual and society members. The basis of subscription for the societies is on their working capital. According to its working capital, the society pays Re. 1 to Rs. 15 as the subscription and bigger societies or banks have to pay something more. There are different types of individual members and they include patrons life-members and ordinary members. Anybody who pays Rs. 500 or more becomes a patron. A life-member pays 25 rupees, while an ordinary member pays Rs. 2. Moreover amounts are received as donations. It is necessary to augment its funds for continuous and sound work, and efforts are daily made for an increase of funds.

Government Grant.—The Boroda Government gives one-half of the actual expenses of the Sangh every year through co-operative department. For the last two years His Highness' Government has sanc-

tioned a maximum grant of Rs. 3,500 as a help towards the running expenses of the Sangh. So the management is compelled to incur expenses after considering this and other sources of income and is handicapped by financial limitations. If His Highness' Government gives more financial help there is a scope for additional work.

In spite of limited sources of income, it has progressed so far mainly due to the skill and enthusiasm of its workers and the studied efforts of its executive. The real credit goes to the promoters of the Sangh, its honorary service-minded workers and other patrons.

SUPERVISION, EDUCATION AND AUDIT

SUPERVISION

It is universally acknowledged that the efficiency of the Co-operative Institutions depends very largely on the arrangements made with respect to the most important safeguard provided by continuous supervision. This has been conveniently ensured in the Baroda State by combining both the functions of supervision and audit to be discharged by the auditors of co-operative societies appointed by the Government.

In the initial stage, say from 1906 to 1912, there was no provision for the regular audit of co-operative societies, even though a good number of societies were started and were working mostly in the rural areas. The Registrar used to keep necessary supervision over them by personal visits. No special field staff was engaged for regular supervision or audit, but with the increase in the number of societies and the volume of work done by them the importance of special staff trained for this purpose began to be gradually recognised, and auditors were appointed who combined in themselves the work of organisation supervision and audit of the societies in their charge. In the beginning the auditor was required to make two rounds of the societies in a year, the first for supervision and the second for audit. While doing supervision he was required to make all necessary corrections in, or complete, the accounts, hold general meetings, give necessary education to members in the fundamentals of co-operative finance, make necessary scrutiny of the loans granted and such other work that would help in the audit to be done in the second round. Thus supervision and audit, though kept separate, used to be done by the same agency. But with the rapid increase in the number of societies as a result of the greater facilities offered by the revised Co-operative Societies Act of 1914 and the consequent increase in the burden of work of the auditors, they were allowed to carry out both the functions of supervision and audit in one round in 1916. Since then the auditors are starting their audit right from the beginning of the year.

But the audit in Baroda differs from that done elsewhere in that the auditor of the Baroda State does not rest at a mere dispatch of

audit notes concerning defects, etc., in the working of the society as is being done elsewhere, but tries to get all the defects corrected on the spot. Moreover he holds meetings of the general bodies or the managing committee and does all possible efforts at educating members in co-operative methods, ensuring external supervision and inspection while doing his statutory function of audit. Besides, he often visits societies for helping the Managing Committees in recovery of dues, in settlement of disputes and many other things requiring his help, guidance, advice or intervention. In this way he is required to see that the work of the society is not only business-like and up-to-date, but genuinely co-operative, and that is how he acts as a supervisor also. Besides this statutory supervision, there is no non-official agency set up for the purpose. There are, however, honorary organisers and visitors who help the department by paying occasional visits to societies, but their work of supervision is of a casual nature and cannot be said to be adequate for the proper working of societies.

The two supervising unions—one at Vyara and another at Kosamba both in the Navsari District do keep supervision over the societies in their respective areas. These supervising unions are the only institutions of the kind that exist to-day. They were organised only in those parts where literate secretaries could not possibly be secured, and some such agency was found necessary for maintaining their accounts and providing some sort of external help and guidance to them. It may be mentioned that the work recently turned out by these two unions speaks much in favour of their utility.

EDUCATION

Education for the promotion of co-operative activities takes two forms—education for co-operation and general education for co-operators. In considering education for co-operation it must be noted that the co-operative movement itself is an educational agency that gives an insight into business methods and training in social ethics, and its advantages are too well-known to be detailed here. The efficiency of the co-operative movement as an instrument of education must, however, depend upon the work of unions or institutes that continually place before society the proper practice and ideals of their movement and also organise training centres for the workers in the field of co-operation.

At the initial stage of the Movement co-operative education was in the hands of the Registrar who, as the Chief Executive Officer of the Co-operative Department, was responsible for the growth and spread of the movement. For some time, office circulars, instructive leaflets and some periodicals issued by the Registrar formed the only medium of instruction. Co-operative conferences organised at different centres in the State also afforded some useful and practical instructions, but no definite steps were taken for the training of secretaries and committee-men of societies until, 1924 when the first training class was organised by the department at Baroda for secretaries and others, interested in the spread of co-operation. Soon after this class

the necessity of having a separate and independent organisation for co-operative education came to be realised and a Co-operative Institute (Sri Sayaji Sahakar Sevak Sangh) was organised in 1926. Since then it is continually doing useful work in the field of co-operative education with the help and co-operation of the department.

AUDIT

Audit of all the co-operative societies is a statutory duty of the Registrar, which he fulfils by appointing departmental auditors. No non-official agency has ever been tried for the work of audit, though all the central and agricultural banks and some of the big urban societies have of late started the audit of their accounts by employing their own auditors, over and above the departmental audit. The work of audit of all the societies—primary and central—numbering about 1,300 is divided among the departmental auditors. No professional auditor is employed by the Government. The audit of all the central and other big societies of limited liability with a working capital of Rs. 20,000 and above, is carried on by the Special Auditor, who has to audit about 35 different institutions in a year; and the remaining societies are divided for the purpose of audit into 20 divisions, each in charge of an independent auditor, who has to audit on an average 60 to 70 societies of his division in a year. No audit fee is yet being levied from any society by the Government.

It is not sound to minimise defects and disappointments, but it is equally unsound to lose a sense of proportion. In spite of set-backs the Movement has shown steady progress and is becoming more and more a definite factor in the Rural life of India.

BHOPAL

General Features.—Bhopal is the second largest Moslem State in India; and an important State in the Central India Agency with an area of about 6,924 sq. miles, a population of about 7,29,955 (census 1931) and average annual revenue of about Rs. 80 lakhs. It is one of the 10 States in Central India that have direct treaty engagements with the British Government. The State forests are extensive and valuable. Bhopal is rich in its deposits of iron, bauxite, mica and other valuable minerals. The important food crops are wheat and cereals while the important cash crops are cotton, sugarcane and tobacco. The State contains many remains of great archaeological interest. His Highness* is assisted in the work of administration by an Executive Council. The work of legislation with the right of discussing the Budget, moving resolutions and interpellations rests with a representative Legislative Council inaugurated in 1927. The ryotwari system in which the cultivator holds his land direct from Government has lately been introduced. The capital of the State is Bhopal City, which lies on the main broad-gauge line between Bombay and Delhi.

General progress of the Movement.—The total number of societies in the State was 621. They fall under the following heads: Agricultural Credit Societies 588; Non-Agricultural Societies 16; Central Banks 15; and Unions 2. Their operations during the year 1939-40 are briefly set out below.

Agricultural Societies.—All the 588 societies were credit societies of the unlimited liability type with a membership of 12,188. They had a paid-up share capital of Rs. 41,675 and reserve fund of Rs. 3,22,913. Their total working capital was Rs. 8,13,926. No dividend was paid on shares and in the aggregate they seem to have worked at a loss of Rs. 779 in the year. The societies borrowed their working funds at 6 per cent and charged $7\frac{1}{2}$ per cent on their lendings. The Central Banks seem to be the main feeders of these societies. The loans given during the year amounted to Rs. 61,109. Out of a sum of Rs. 5,33,597 due from the members of the societies, a sum of Rs. 4,55,247 was overdue at the end of the year. The cost of management of these societies was Rs. 6,779.

Non-Agricultural Societies.—All the 16 societies were again credit societies formed on unlimited liability basis. Their total member-

Note.—The only information made available to the General Editor is in the form of a few statistical tables relating to the societies in the State.

*Ruler: His Highness Sikander Saulat Nawab Iftikharul-Mulk Mohammad Hamidullah Khan Bahadur, G.C.S.I., G.C.I.E., C.V.O., B.A.

ship was 345, paid up share capital Rs. 1,159 and reserve fund Rs. 4,110. Their total working capital was Rs. 9,817. No dividend was paid on shares. They worked at a profit of Rs. 159 during the year. As in the case of agricultural societies the rate of interest paid on their borrowings was 6 per cent and on their lendings $7\frac{1}{2}$ per cent. Very little was lent out during the year as it appears that the entire amount of Rs. 6,298 due by the individual members was overdue.

Central Banks.—There were 15 central banks. The membership consists of both individuals and societies—individuals numbering 691 and societies 543. Of the 543 societies 519 were agricultural credit societies, 13 non-agricultural credit societies and 11 others. Their paid up share capital was Rs. 63,346, reserve fund Rs. 3,29,310 and other funds Rs. 13,085. Their total working capital was Rs. 7,61,964. A sum of Rs. 1,06,737 remained as uncalled but subscribed share capital. These banks paid a dividend of 6 per cent on the paid up shares. They borrowed at 4 per cent and lent at 6 per cent. They lent out an amount of Rs. 39,712 during the year—all this to banks and societies. Of the loans due to these banks a sum of Rs. 5,61,012 was due from banks and societies while a small amount of Rs. 6,207 was due from individuals. Their cost of management was Rs. 8,970 and they worked at a profit of Rs. 21,092.

Unions.—There were 2 unions and the number of societies affiliated to them was 33. The total number of individual members of the affiliated societies was 898 and the total working capital of these societies was Rs. 26,840.

The Co-operative Movement is at least open and ideal in its aims and objects. It is national and not sectional.....Our intransigents and extremists of all parties are not hurt or wounded by their adhesion to the co-operative ideal.

—A. E. (G. W. RUSSELL),

COCHIN

Provincial Editor

K. VELAYUDHAN PILLAI,

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COCHIN

General Features.—The State of Cochin is situated on the south-west coast of India surrounded by British Malabar on the north, the State of Travancore on the south, the well known Malaya Hills in the east and the Arabian Sea on the west. It has an area of 1,480 square miles, a third of the state being covered by forest tracts and lagoons or back-waters. It has a population of 1,205,016 which gives an average density of 814 persons to the square mile. Of the total population, 64·8 per cent are Hindus.

The staple crop is rice while cocoanuts and their products form the chief exports. Teak, ebony, black-wood and other valuable woods abound in the forest tracts. The State owns a line of railway from Shoranur to Ernakulam, which is the capital. Besides there is a forest Steam Tramway for developing the forests. A first class harbour adorns the State and the total trade of the port exceeds Rs. 13 crores.

H. H. the Maharajah* is the administrative head of the State. The Chief Minister and the Executive Officer is the Dewan in relation to 'Reserved' subjects, while a Minister responsible to the Legislature, is in charge of the 'Transferred' subjects. The legislating body is the Council which is composed of 58 members. Besides 476 privately managed educational institutions, there are three colleges run by the State.

A Retrospect.—The Co-operative Movement in Cochin is a true copy of the British Indian Movement. It was introduced 27 years ago, under the authority of the statute and under the fostering care of the then Dewan, Sir A. R. Banerjee. It had, therefore, one of the struggles of the pioneers as in other parts of India. From humble beginnings, the movement grew fast and to-day there are 333 societies, consisting of one Institute for education and propaganda, one central bank, one land mortgage bank, which advances loans at 6 per cent interest for 20 years on the mortgage of immovable property, one Cottage Industries Marketing Society, 9 supervising unions, 122 societies for village credit, 54 urban banks, 24 rural development societies, 7 model panchayat societies, 18 stores, (2 purely agricultural), 41 societies for depressed classes, 3 insurance societies, 8 fishermen's societies, 8 students' societies, 3 societies for poultry breeding, 1 collective farming society, 1 co-opera-

*Ruler: His Highness Sri Kerala Varma.

tive restaurant for the harbour employees and I Ayurvedic society. In all there are about 35,000 members, and the working capital of the movement amounts to Rs. 50 lakhs, i.e., about Rs. 150 per member and Rs. 15,000 per society. The total transactions of all societies have gone up to Rs. 1.25 crores and the total reserve fund is about Rs. 5 lakhs. There is not one village in the State out of the 275, that has no society and the above figures reveal a very encouraging state of things.

CO-OPERATIVE FINANCE

A. RURAL CREDIT SOCIETIES

In conformity with the general trend of the movement in the British Provinces, attention was primarily directed in the State, in the beginning, to the organisation and development of credit societies in rural areas. But Cochin realised, sooner than any other State, that the advance of cheap loans through co-operative societies can only be a temporary palliative instead of a complete cure for the disease of rural poverty and indebtedness. Thus a departure was made from the original policy and a bias was given to the organisation of non-credit societies. At the end of the co-operative year 1940, there were 121 agricultural credit societies. They were all based on un-limited liability and had a membership of 9,427. The working capital was Rs. 7.77 lakhs. Deposits from members and non-members amounted to Rs. 1.62 lakhs while they had borrowed Rs. 2.59 lakhs from the Central Bank. The majority of the loans issued were for sums below Rs. 50. The total loans outstanding amounted to Rs. 4.57 lakhs of which Rs. 1.92 lakhs or 42.1 per cent were overdue. The rates of interest on deposits varied from 3 per cent to 6¼ per cent while the average rate charged for the loans was 6¼ per cent.

B. CENTRAL BANK

There is only one Central Bank in Cochin, which serves the purpose of a central financing institution for the primary societies. The affiliated societies numbered 166 of which 90 were agricultural societies, 8 supervising unions, and the rest non-agricultural societies. There are no individual shareholders. It had a paid up share capital of Rs. 69,400. The working capital and total transactions amounted to Rs. 10.20 lakhs and Rs. 33.60 lakhs respectively. Deposits to the extent of Rs. 7.02 lakhs were raised from individuals and the rate of interest paid on them varied between 1 and 4 per cent. Besides ordinary loans advances were made on the security of gold and produce. The total outstandings stood at Rs. 4.76 lakhs, and the rate of interest on lendings stood between 4½ and 6 per cent. In view of the economic depression the lending rate and penal rates of interest were reduced by the Bank.

C. LAND MORTGAGE BANK

The Cochin Co-operative Land Mortgage Bank.—This is the only institution for the supply of long term loans to agriculturists. There were 2,154 members. The paid-up share capital and the working capital amounted to Rs. 78,940 and Rs. 14.58 lakhs respectively during 1939-40. The Bank advanced Rs. 2.78 lakhs while the total outstandings due from members stood at Rs. 14.30 lakhs. It had also drawn Rs. 3.25 lakhs from the overdraft account with the Government. In recent years there has been a heavy fall in transactions due to the passing of the Agriculturists' Relief Act as a result of which many had recourse to courts for scaling down of debts according to the Act. Again there were others who awaited the final outcome of the Resolution in the Legislative Council on the issue of credit bonds by Government.

D. URBAN CREDIT SOCIETIES

Along with the agricultural credit societies considerable progress had been made in the State in organising and successfully running credit societies among persons of limited means in the urban areas. The societies under this class numbered 106, of which 65 adopted the limited liability basis and 41 societies were started exclusively for the depressed classes. The latter have almost proved a failure. The societies had a membership of 13,940 and a working capital of Rs. 13.27 lakhs. They had advanced on the whole a sum of Rs. 8.19 lakhs of which only Rs. 1.58 lakhs were overdue. A sum of Rs. 1.81 lakhs has been accumulated as the reserve fund.

PURCHASE AND SALE SOCIETIES

Though there were only 17 societies of this type with a membership of 1,294 the total business turnover amounted to Rs. 9.35 lakhs. The production and sale societies of which there were 8 in number with a membership of 359, were able to secure a turnover of Rs. 1.19 lakhs. These figures indicate that comparatively societies of this type have made appreciable progress in the volume of transactions.

The Cochin Cottage Industries Marketing Society has a very ambitious programme of work and its main object is to organise rural production on a commercial basis and the marketing thereof. Its members are chiefly the village industrial societies to whom directions are given in standardisation and improved designs. Business is done on a consignment basis, the central society taking steps to find out outside markets for all sorts of goods produced by the rural societies. This was started recently and its work has not progressed very much. But the work is done on a scientific and systematic basis. The society had 67 members, of whom 23 were societies and 44 institutions. The working capital stood at Rs. 2,355 while goods were purchased and sold for Rs. 3,221 and Rs. 2,407 respectively. It received a grant of Rs. 3,315 and a loan of Rs. 1,705 from the Government.

SPECIAL TYPES OF SOCIETIES

Cochin may be said to occupy the first place, among the States, in developing non-credit and industrial societies engaged in making coir-yarn, ropes, mat and mattings, cloth weaving, bell-metal goods, screw-pine mats, grass mats, furniture, photo-frames, ink, ink-powder, carvings, bead works, soap and many other things. Some efficient credit societies have taken to different kinds of rural development activities like the running of libraries and reading rooms, establishing demonstration centres in villages and working many cottage industries which can profitably be worked in their respective localities. In places where there are no credit societies to take up these activities rural development societies are started and they cater to the economic, social, literary and moral needs of villagers to a great extent. The following table shows the particulars of the special types of societies started for the purposes mentioned above :—

Type of Society		Number of societies	Number of Members	Working capital	Total Transactions	Reserve Fund	Net Profits
				Rs.	Rs.	Rs.	Rs.
Industrial Societies	..	20	1,430	19,337	75,563	..	..
Students' Stationery So- cieties	..	8	736	7,087	76,894	1,538	443
Rural Re-construction Societies	..	24	949	7,317	25,306	..	..
Insurance Societies	..	3	377	5,647	10,306	..	203
The Ayurvedic Society	..	1	21	75	503	..	44
Restaurant	..	1	80	1,085	4,102	..	..
Poultry Society	..	1	40	176	549	..	25

The Model Panchayat Societies.—The village panchayats in the State are civic institutions in our scheme of local self government with an adult franchise. This is harmoniously blended into a co-operative society, which caters to the economic needs of the villagers, the village panchayatdars becoming ex-officio members of the committee of the model panchayat co-operative society. Government have appreciated this new scheme, a new product of the concerted efforts of the transferred departments, and have begun to help it liberally. At present there are seven of them one in each Taluk and two in the Cranganore Taluk. They had an aggregate membership of 1,276, a paid-up share

capital of Rs. 836 and a working capital of Rs. 28,745. The total transactions amounted to Rs. 75,936. Their main activities so far consisted in distributing cattle, seeds, manure, improved implements, agricultural and industrial requisites.

The Government have recently decided to have one rural development and demonstration centre in each village. There are a number of them already and steps are being taken to start more as fast as funds are available, under the auspices of good village societies. Thus the multipurpose society of British India, so much heard of, has become the village co-operative in the State, with the credit society at the centre, and a number of activities guided by different sub-committees all-round.

Quite a new step has been taken in converting the rural industrial school at Desamangalam into a department of a good credit society. The teachers of the school who are Government servants are appointed as the officials of this society and their services are given free. The old industrial school to which students were attracted by the stipend that they obtained were given instructions in different cottage industries for a period of 4 years in the aggregate. This did not however enable them to compete with the professional artisans who had the advantage of inherited skill even though they did not know the theory of their profession or the economics of their production. Thus indirectly the rural industrial school created the problem of village unemployment. The new scheme is intended to obviate this. The industrial department of the co-operative society functions as a commercial business while at the same time giving expert training to the boys in a much less time. It is hoped that the attempt will prove a success.

Societies for the educated un-employed.—Unemployment among educated youths has become an urgent and serious problem in the State as elsewhere in India. An attempt to tackle this has been made by the organisation of a collective farming society. Government have graciously consented to give 50 to 75 acres of land suitable for cultivation to each society consisting of 10 to 15 members. They have also agreed to help these societies with loans, seeds, implements and other agricultural requisites to enable them to work up rapidly. Applications for the registration of seven societies have been received so far and there is scope for many more. The work has not yet been started as the survey of the lands assigned is not yet over.

SUPERVISION, EDUCATION AND AUDIT

The Registrar is in charge of the work of inspecting the societies and he is assisted by 11 inspectors (including those appointed temporarily to be in charge of liquidation work). The statutory audit is conducted by the inspectors who are also required to attend to the work of organisation and rectification of societies.

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Supervising Unions.—During 1939-40 they numbered 9 with a membership of 114 giving an average of 12·7 societies per union. According to the revised by-laws, the Institute is the financing agency for the unions; the former receives a lump sum grant from the Government for the purpose. During the above period the Institute and the Central Bank sanctioned a grant of Rs. 569 and 80 respectively. The average expenditure of a union amounted to Rs. 131.

The Cochin Central Co-operative Institute.—The Institute has at present 38 members comprised of 9 supervising unions, 5 urban societies and 24 individuals. The affairs of the Institute are managed by a Board consisting of 8 members. To ensure speedy transaction of business the Board has elected a Standing Committee of 5 members from among them.

The most important activities of the Institute are the following:—

(i) Publication of the monthly journal '*Sahakarana Prabodhini*' which is the organ of the Institute. All the societies in the State and other prominent co-operators subscribe to the magazine. (ii) Celebration of the All-India Co-operative Day in a fitting manner every year. Generally the occasion is availed of by the Institute to distribute printed leaflets and messages among the masses with a view to spread co-operative ideals among them. Necessary instructions are also given to the various unions and societies to celebrate the Day. (iii) Maintaining a central Library and Reading Room. All important economic and co-operative journals are got down for the Reading Room. Books are lent out from the Library to co-operators and others interested in co-operation and rural reconstruction. The Institute has attempted with success the scheme of circulating selected books among the unions for the benefit of the Union Board members and co-operators within each union area. Separate libraries are also being encouraged under each union. (iv) Arranging conferences in each taluk—one for the benefit of the panchayatdars of societies and the other for the benefit of the masses.

The Institute has drawn up a scheme for propaganda and delivery of education lectures in the rural parts. In select places mass meetings are convened and lectures delivered by competent persons appointed for the purpose by the Institute. The various unions are also instructed to do intensive propaganda work within their jurisdictions. The union members and members of the Board of Management of the Institute attend the general body meetings of societies and deliver lectures to the members.

The Institute conducts training classes every year for the benefit of the panchayatdars of societies. The course runs for six weeks and lectures on Co-operation, (Theory and Practice) Rural Development etc., are given by eminent co-operators who are appointed to conduct the classes by the Institute. Such pupils are also taken round some

good societies to give them practical training in the working of credit societies. At the end of the course an examination is held and certificates are granted to deserving candidates.

It is the aim of the Institute to start adult education centres under the direct authority of each union. But the present financial position of the Institute has not permitted it to give effect to the scheme. The net assets of the Institute stood at Rs. 4,842 on 30th June, 1940.

The scope and structure of the Co-operative Movement depend on the social and economic requirements of each nation. State action and individual enthusiasm doubtless make their contributions.

—C. E. STRICKLAND.

GWALIOR

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Note.—The Publicity Officer, Gwalior Government has kindly furnished an account of the working of the Co-operative Movement in the Gwalior State to which a brief note on the General Features of the State is prefixed by the General Editor.

GWALIOR

General Features.—Gwalior is a Central India State situated to the west of the United Provinces. It has an area of 26,397 sq. miles and a population of 39,92,263 according to the Census of 1941. The average rainfall varies from 25 to 36 inches. Ranoji Scindia who held the military rank of Chatrapathi Shahu Maharaj was the founder of the Ruling House of Scindia.

H. H. The Maharajah is the Executive Head of the State and is assisted by a Council of 10 Ministers. The local Legislative Assembly which is called the *Majlis* is composed of nominated and elected members. According to the new Constitution which came into force in 1937, the work of the various Ministers was revised and redistributed, and one seat in the Council is reserved for a non-official.

The State has made considerable progress in the field of industrial development. The cotton mills at Gwalior, the leather factory at Ujjain, tannery, pottery works and electric power houses are the chief achievements in this field. The State is covered with good motor roads. Besides a number of schools, there are two colleges for boys and one for girls. It has also established a public school on English Public School model to impart education to the children of the aristocratic families of the State. The State has its own light railway and postal system. The annual revenue of the State is on an average Rs. 2½ crores. The present Ruler* has ushered in a programme of constructive schemes for the material and moral progress of the State. A crore of rupees has been allotted exclusively for rural reconstruction work.

A Retrospect.—The introduction of the co-operative movement in the State of Gwalior was a natural sequence to the decided objective of the Government to enact suitable measures for relieving the pressure of the crushing burden of indebtedness on the agricultural population and releasing the farmers and cultivators from the grip of the sowkars. Thus, even prior to the advent of the co-operative movement, the Government undertook to finance the agriculturists directly out of its own funds. In 1903, the terms and conditions under which such loans could be obtained were laid bare in the form of Rules, which were later on amended and consolidated in an enactment known as the Agricultural Banks' Act of 1909. These agricultural banks, however, did not undertake or transact any ordinary banking business such as accepting deposits and remitting funds, but merely advanced loans to Zamindars and Kashtkars (tenants), either on individual or collective security and on easy terms of interest varying from 3½ to 6¼ per cent. The loans were granted both for current expenses of raising a crop and for land improvement. Between

* Ruler: His Highness Sir Jivaji Rao Scindia, Alija Bahadur, G.C.I.E.

1915-16 and 1924-25, the agricultural banks made remarkable progress and showed themselves as capable of relieving rural distress with speed and at minimum cost. But certain inherent shortcomings in these institutions were noticed by the State while working them. Meanwhile, the co-operative movement had been slowly progressing in other parts of India and the Co-operative Societies' Act II of 1912 in British India had given a fresh stimulus to its growth. It was, therefore, decided about the year 1916 to start co-operative societies throughout the Gwalior State with the object of displacing the agricultural banks in due course.

In pursuance of the above decision, the co-operative department was created in January 1916 with Mr. G. J. M. Hamilton, formerly of the Allahabad Bank, as the first Director of Co-operative Societies. Societies were gradually organised and the new banking institutions were started at district and pargana headquarters to take the place of agricultural banks. The Co-operative Societies' Act, Gwalior, was passed on 26th January 1918, which closely followed the British Indian 'Co-operative Societies' Act II of 1912. All the co-operative societies and district banks which had been started by then were registered under this Act. In the preamble of the Act the object of the movement was stated to be 'the promotion of thrift, self-help, mutual assistance among persons of common economic needs whose means of income are limited, such as agriculturists, artisans, small traders, etc.'

During the first period of four years, the number of societies registered was 1,601 while during the next period of nine years, the number increased by 2,039. The growth was more rapid in the beginning in spite of initial difficulties. With a view to finance the primary societies, as many as 11 banks were started at district or pargana centres by the end of the third year since the initiation of the movement. Their number increased only by 3 to 14 in the second triennial period but there was an all-round growth in their business.

The agricultural banks continued to work on parallel lines till the year 1925 when it was decided to stop their operations altogether and transfer their assets, both good and bad, to the co-operative banks. A sum of Rs. 8.14 lakhs representing cash with agricultural banks and Rs. 5.26 lakhs representing loans to individuals were transferred to the co-operative banks. In 1926, a further sum of Rs. 4.30 lakhs, considered as bad debts, was transferred on the understanding that the banks would not take any responsibility for the full realisation of the dues and that the loans that could not be recovered would have to be written off by Government. The necessary adjustments were effected in subsequent years following 1926. When the agricultural banks were closed the difficulty of financing individuals in villages where societies could not be started had to be faced, for under the then constitution the district and pargana banks were to have no dealings with individual cultivators but were only to finance co-operative societies affiliated to them. Therefore, the Government had to amend the Co-operative Societies' Act to enable the central banks to lend to the individuals or enact a separate statute for registering banks

that could lend both to the co-operative societies and individuals. The authorities preferred the latter alternative and repealed the Agricultural Banks' Act of 1909 and substituted it with the new Banks' Act, by which the district and pargana banks ceased to be co-operative institutions governed by the Co-operative Societies' Act, the word 'Co-operative' being dropped from their names. The Act sought to enlarge the functions of these banks so as to include the financing of individual cultivators and Zamindars, not being members of co-operative societies, and to give loans for agricultural improvements at a specially low rate of interest from money placed at the disposal of the banks by Government. The Director of Co-operative Societies was given the additional charge of these banks under the designation of Inspector General of Banks. In short, since 1925, the position of the movement was that while co-operative societies were governed by the Co-operative Societies' Act, their financing and supervising agencies were joint stock concerns governed by the Banks' Act and financed almost by the State and therefore controlled by the State officials. Both the Acts provide for priority of claims—the loan being a definite charge on the whole of the property of the debtor included in the *haisyat* register, whether a member of a co-operative society or an individual, and for powers of summary recovery as land revenue.

The early societies were too small in size, the maximum membership being fixed at 30. At the end of 1927, the average membership per society was only 17·7, a figure much lower than the average for British India. The Banking Enquiry Committee recommended a larger membership and the principle of 'one village, one society.' With regard to funds, one prominent feature was that there was an increase in the amount of Government money in the movement as compared with the increase in the owned capital of the banks. It had risen from Rs. 50,517 to Rs. 34,66,119 at the end of 1928-29. With the lapse of years the movement instead of becoming more and more self-reliant, had come to depend more and more upon the financial assistance of the Government.

During the period following the economic depression of 1930-31, the proportion of financed societies to total registered societies fell considerably. This was largely due to the overdues of the members of the societies which had increased to such an extent that was no longer considered safe to lend them any more. Moreover, the three years of successive failure of crops prior to the depression aggravated the situation. From an examination of the records of the societies in one pargana, the Banking Enquiry Committee found that arrears dated back to a very long period and in 95 per cent of the societies nearly all the members had overdues. The phenomenal fall in prices during this period hit the agriculturists very hard and in a number of cases members of societies had practically no assets left and some of them had deserted their villages.

His Highness' Government has embarked upon a vast programme of rural rehabilitation and in that programme co-operation will play a

leading part. Early in the year 1937, His Highness' Government appointed Prof. V. G. Kale to hold an inquiry into the conditions of the co-operative institutions in Gwalior and to make recommendations. Prof. Kale's Report has since been published and accepted by the Government. The general effect of Prof. Kale's proposals is that a system closely modelled on that which is being carried on in most of the Indian provinces, and at the same time providing for the special needs of Gwalior, should be adopted in Gwalior. That system involves, among other things, the organisation of the co-operative education and training, the repeal of the Gwalior Banks' Act, the amendment of the Gwalior Co-operative Societies' Act, the establishment of an Apex Bank, provision for long-term loans through land mortgage banks, the development of urban co-operation, strengthening of the audit staff and the recruitment of educated and trained men in the Government and Banks' superior services. A special feature of the programme is the organisation of the education and training of the staff and societies' members referred to in greater detail elsewhere.

Help rendered by the movement.—An idea of the extent of help the movement is rendering to the rural population in general and agriculturists in particular can be obtained from the figures given below as at 30th June 1941:—

Number of members	about 75,000
Members' own accumulated deposits	about Rs. 1,99,000
Reserve Funds of societies	Rs. 14,46,000

These 75,000 members are being financially helped by their co-operative societies to the extent of about Rs. 50,00,000. The purposes for which these loans are generally advanced, are: seed, manure, cattle, agricultural implements, payment of land revenue, liquidation of old debts, household purposes, trade purposes, etc. The largest amount is given for the purchase of bullocks. Over and above these loans the Government have placed Rs. 4,89,349 at the disposal of the central banks to be advanced to the agriculturists on very easy rates of interest for land improvement and a sum of Rs. 9,00,547 has been advanced through the central banks in the form of takavi loans to the members of societies.

Co-operative societies enjoy a number of privileges under the Gwalior Co-operative Societies' Act of Samvat 1974 of which the following are among the most important:—

1. Co-operative societies are exempt from taxes on income, registration fees and stamp duties in respect of instruments executed by or in their favour.
2. A co-operative society has priority over other creditors in respect of any debt due from any member or past member.
3. The share or interest of a member in the capital of a society is not liable to attachment and sale in execution of any decree of any court.

3. The debts of a society are recoverable as arrears of Land Revenue.

CO-OPERATIVE FINANCE

A. PRIMARY CREDIT SOCIETIES

The rural societies generally follow the Raiffeisen model and are based on unlimited liability while in urban areas liability of the societies is generally limited to the shares subscribed by a member but in some cases is unlimited. Of these the agricultural credit societies dominate the field. The number of registered agricultural societies as on 30th June 1941 was 3,881 and that of the non-agricultural societies was 79. These figures do not include the 18 central banks.

The following table will indicate the financial position of the primary societies (i.e. 3,881 agricultural and 79 non-agricultural societies which are financed by the central banks and have begun to work) as on 30th June, 1941:—

Heads	Agricultural	Non-Agricultural	Total
No. of societies	3,881	79	3,960
No. of members	73,066	2,273	75,339
	Rs.	Rs.	Rs.
Working capital	53,90,542	4,38,472	58,29,014
Reserve Fund	14,46,493	54,930	15,01,423
Members' deposits	1,50,895	48,641	1,99,536
Share capital	7,21,641	41,995	7,63,636
Loans from banks out- standing	30,69,772	2,73,302	33,43,074
Loans due from members	45,90,958	3,82,484	49,72,542
Societies' deposits with banks	5,73,184	50,675	6,23,659

The number of non-agricultural societies as pointed out above is 79. Out of these about 31 are urban credit societies whose membership consists of persons of small means residing in the district or pargana towns, such as petty weavers, tanners, panwaris, (persons carrying on the trade of betel leaves) salary earners, etc.

B. CENTRAL BANKS

There are 18 central co-operative banks registered under the Gwalior Co-operative Societies' Act, of which 9 are district banks (i.e., their area of operation extends to the whole of the particular district to which they belong) and 9 are pargana banks (i.e., their area of operation extends to the whole of the pargana to which they belong). The district banks have their own branches in their respective parganas. The main purpose of these banks is to finance the primary societies in their respective areas.

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The following figures give a general idea of the banks' working and financial position as on 30th June, 1941:—

1. Number of members:	
(a) Individual shareholders	2,041
(b) Society shareholders	3,973
	Rs.
2. Share capital	.. 5,92,827
3. Deposits	.. 48,46,367
4. Working capital	.. 71,13,806
5. Reserve Fund	.. 4,93,898
6. Profits	.. 45,329
7. Total Loans due	.. 44,07,848
8. Cost of management	.. 1,75,263

(The cost of management is about 2·4 per cent of the Working Capital).

Rehabilitation of co-operative institutions in Bhilsa, Sheopur, Guna and other districts and Ujjain and Bhandar Parganas.—One of the important activities of the department is the reconstruction of the banks and co-operative societies in the districts of Bhilsa, Sheopur and Guna and in Ujjain and Bhandar parganas. This measure involves much more than the mere refixation of instalments. It comprises, among other things, a reassessment of credit limits according to repaying capacity, provision of fresh credit, settlement of bad and doubtful debts, enrolment of new members, overhauling the managing committees of societies and above all the instruction to members of societies in the principles and practice of co-operation.

The reorganisation schemes of societies and banks in the Bhilsa, Sheopur and Guna districts have been sanctioned by the Government. The following important concessions, among others, have been generously granted:—

Bhilsa Scheme:

1. Rs. 71,000 were contributed by the Government to meet the losses of the Bank;
2. Interest on Government deposits (Rs. 6 lakhs) was remitted for three years; and
3. Interest-free loan of Rs. 80,000 was advanced to the Bank by Government.

Sheopur Scheme:

1. Government contributed Rs. 33,252 to meet the losses sustained by the bank;
2. Three years' interest on Government deposits was foregone; and

3. Liquidators were empowered to convert society loans into individual loans of the Bank whenever necessary in order to save the members from ruin.

Guna Scheme:

1. Interest on Government deposits amounting to Rs. 2,20,920 has been foregone for four years;
2. Accrued interest amounting to Rs. 18,541 on Government deposits with the Bank has been remitted; and
3. A sum of Rs. 73,500 out of the Government deposits has been ear-marked to make good the losses of the Bank.

Societies were also reorganised in the parganas of Ujjain and Bhandar. As the banks have been able to make good their losses, Government were not approached for any concessions and the above scheme was given effect to immediately. In other districts also this work of rehabilitation is being carried on, on similar lines.

C. APEX BANK

As mentioned above, we have at present eighteen central banks, each pursuing its own course in isolation from, and independently of, the rest. What is needed is a central balancing agency in close touch with the money market and capable of guiding and facilitating the operations of the existing banks, without interfering in their internal affairs. Government have accepted the need of such an agency and have sanctioned Prof. Kale's recommendation regarding the establishment of a Co-operative Apex Bank for Gwalior. Government have also approved of the suggestion that the operation of the Government funds invested in the movement be entrusted to this Bank and they also agree that full provision be made for bad debts and other possible liabilities and losses before transferring these funds from the central banks to the Apex Bank. Government have also undertaken to manage the bank for the first few years and have granted a sum of Rs. 12,000 per year for the first two years towards the cost of the salaries of the manager and other necessary staff and preliminary expenses. Furthermore, Government have also guaranteed the principal and interest of debentures that will be issued by the Bank for raising capital for financing land mortgage institutions and housing societies, and also dividend on the shares of the Bank. The Apex Bank is expected to begin to function in the near future.

OTHER TYPES OF SOCIETIES

As has been shown above, the rural credit societies predominate. Recently, the department of co-operation has been able to give some attention to the organisation and development of other types of co-operative societies—rural as well as urban. Since the department is at present

engaged in various schemes of reorganisation of the existing co-operative institutions in the light of the recommendations made by Prof. V. G. Kale in his Report, it is too much to expect of the department to launch upon a big programme of expansion of the movement in other directions. However, efforts to spread the movement in urban areas are being made, as a result of which about 68 other types of societies have been registered, including four weavers' societies, one cattle breeding society, five salary earners' societies, 8 grain stores, one rangrezan society, one harijan society, one mill employees' society, two tanners' societies, four housing societies, one kharadyan society and one co-operative sale society. Almost all these societies, with the exception of the housing societies, have actually started working. As regards the housing societies, it may be mentioned that these societies are of a very special nature and require Government assistance and facilities before they can be expected to work. Efforts are being made by the department to obtain the necessary concessions with regard to the same.

CO-OPERATIVE EDUCATION

The Durbar graciously sanctioned a comprehensive scheme of co-operative education and a budget of expenditure for Rs. 16,880 in May 1939.

(a) **Poona Class.**—As a first step to this scheme, a co-operative training class was organised at Poona under the supervision of Prof. V. G. Kale, and a number of the promising co-operative inspectors and auditors and banks' managers, and prospective candidates for these posts were trained. Of the persons so trained eight capable men were specially coached to conduct training classes in the State.

(b) **Rural Service Institute, Shivpuri.**—Just after the closing of the Poona Class the rural service institute was opened at Shivpuri, in January, 1940.

The institute consists of two classes, viz., (a) senior class for imparting training to the inspectors, auditors and banks' managers and new candidates for the above posts, (b) junior class for imparting training to the supervisors, accountants, agents, and new candidates for these posts.

No tuition or hostel fee is charged from local students. The staff of the institute consists of two whole-time teachers and three part-time teachers drawn from the Co-operative, Agriculture and Revenue Departments besides one clerk for office work.

Candidates from outside the State are also admitted. They are required to pay tuition fees at the rate of Rs. 50 and Rs. 30 for the senior and junior class respectively in addition to Rs. 2 per mensem for a room in the hostel, if they reside there.

A well-equipped library has been provided for the institute.

A comprehensive syllabus has been drawn up and practical and theoretical training is given in the following subjects: 1. Economics, 2.

Rural Economics, 3. Co-operation, 4. Accountancy, 5. Audit, 6. Co-operative Law, and 7. Agriculture.

Training in the Districts.—Six teachers are posted in the districts of Gird, Morena, Bhilsa, Shajapur, Ujjain and Mandsaur to organise peripatetic classes for societies' members and to train group secretaries and other honorary workers. Patwaris and village school teachers are also enjoined to attend these classes. The scheme contemplates to impart training in all the 11 districts. Classes are held at convenient village centres, each of a week's duration.

State aid and Supervision.—The Government have, from the very start, been extending every possible financial and other aid to the movement and are spending about Rs. 1,52,149 per year in their endeavour to promote co-operative societies by giving friendly advice and guidance and by appointing officials specially charged with this duty in every district.

The Government have placed a sum of Rs. 27,69,529 at the disposal of the central banks for an indefinite period at $2\frac{1}{2}$ per cent to 3 per cent rate of interest. The expenditure on the audit staff employed by the Director of Co-operative Societies is borne by the Government and no audit, registration or any other fees are charged from either the primary societies or the central banks.

Over and above all this, the Durbar had to grant special concessions to the Bhilsa, Sheopur and Guna Banks as already shown.

The principle for co-operative institutions is that they should be based on self-help. However, since the Government took the initiative in launching the movement it was but natural that State aid in many forms should have been given. Moreover, experience has shown that State aid, to an extent, given in a suitable manner is not only very helpful but in many cases necessary.

Co-operative Conference.—Another important land-mark in the recent history of co-operation in Gwalior is the Co-operative Conference which was held in the middle of January, 1938. To this conference were invited representatives of the various co-operative institutions of the State, all the District Officers and also distinguished co-operators from the neighbouring provinces and the sister States of Hyderabad, Kashmir, Baroda and Mysore. This conference was inaugurated by His Highness the Maharaja Scindia who in the course of his inaugural address declared that His Highness' Government would give liberal support to co-operation and rural uplift. The declaration of His Highness quoted above and the verdict of the eminent co-operators from outside that the general condition of the movement here is not so bad as it has been supposed to be, have enlivened the public and created fresh enthusiasm and higher ideals among the local co-operators.

"Co-operation, says a co-operative idealist, 'like the nightingale sings most sweetly when all the world is dark.'"

—A. J. MAY,

HYDERABAD

Provincial Editor

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(The General Editor desires to acknowledge with thanks the co-operation and courtesy extended to him by Mr. S. Fazalullah, H.C.S., Registrar of Co-operative Societies, H. E. H. Nizam's Government, who has furnished valuable material for the chapter on Hyderabad).

HYDERABAD

General Features.—Hyderabad, the largest of the Indian States, is bound on the north-east by the Central Provinces, on the south-east by Madras Presidency, and on the west by the province of Bombay, and has an area of 82,698 square miles and a population of 16,184,000 (1941) with an average annual revenue of Rs. 9·15 crores.* The administration of Berar was retained under the C.P. Government by the treaty of 1936 on payment of an annual rent of Rs. 31 lakhs to the Nizam and recognising fully the sovereignty of the Nizam in Berar and his right to hold durbars and confer titles. His Exalted Highness,† the Nizam of Hyderabad, is the supreme authority in so far as the internal administration of the Hyderabad State is concerned and is assisted by an Executive Council of seven members. The State Legislative Council consists of 20 members—12 official, 6 non-official and 2 extraordinary. The rivers Tungabhadra, Godavary and Kistna run through the State draining an extensive area. The principal industry of the State is agriculture which maintains about 57 per cent of the population. The principal food crops are millet and rice while the staple money-crops are cotton and oil-seeds. The State is rich in forests and coal mines. There are about 693 miles of broad gauge and 674 miles of meter gauge railway lines in the State. There is an aero club for training pilots and constructing aerodromes in the State under the charge of the Railway Department. The chief manufacturing industry of the State is based on cotton produced within the Dominions and there exist six large cotton mills. Besides, there are about 325 ginning, pressing and decorticating factories in the cotton tracts as also a number of tanneries, rice and oil mills, etc., of all kinds numbering 613. The Shahabad Cement Company, Shahabad, has at present an annual output of 1,54,800 tons. Recently a sugar factory of a crushing capacity of 1,000 to 1,200 tons per day, a factory to manufacture 6 lakhs gallons of alcohol out of molasses, which has been erected adjoining the sugar factory at Bodhan; and another factory for the manufacture of paper from bamboo pulp at Sirpur have been working. The State has a University (the Osmania University) at Hyderabad the capital city. The State has its own postal service and enjoys gold, silver and paper currency.

A Retrospect.—The co-operative movement in Hyderabad was started in 1914. In the early stages credit societies for cultivators were organised on unlimited liability basis. Later on the benefits of

*The Hyderabad rupee or the Osmania Sicca rupee, as it is called in some places, corresponds to ·857 British Indian rupee.

†Ruler: H. E. H. Nawab Sir Mir Osman Ali Khan Bahadur, G.C.S.I., G.B.E.

co-operative credit were extended to small artisans in villages. But within a few years the movement spread in urban areas, and urban banks and societies for salary earners began to be formed. The movement was for a long time confined to credit only. But as it developed, non-credit activities were taken up with the result that the movement is at present catering to various economic activities of the producers and consumers. The following was the position at the end of 1939-40 :—

The total number of societies of all types in the Dominions has risen to 3,958 with a membership of 1.54 lakhs. The Working capital of the movement amounts to Rs. 277.56 lakhs. The paid up share capital and various reserves stand at Rs. 63.45 and Rs. 57.42 lakhs respectively, their proportion in the aggregate being 48 per cent of the working capital. The general progress of the movement in the State in the last decade can be seen from the following statement:—

Year.	No. of Societies.	No. of members.	Share capital.	Reserve and other funds.	Working capital.
			Rs.	Rs.	Rs.
1929-30	2,164	57,016	37,77,392	18,85,444	1,90,09,155
1931-32	2,412	64,507	47,32,495	30,50,408	2,22,31,553
1933-34	2,713	73,888	50,97,630	39,19,235	2,30,57,001
1935-36	2,951	85,044	54,52,017	44,71,649	2,33,00,618
1937-38	3,346	1,08,416	58,72,517	52,45,762	2,41,99,869
1939-40	3,931	1,40,640	63,45,273	57,42,408	2,51,19,254

CO-OPERATIVE FINANCE

A. VILLAGE THRIFT AND CREDIT SOCIETIES

The total number of village thrift and credit societies including rural banks and grain banks is 3,188 (3,053 of the unlimited and 135 of the limited liability type) with a membership of 70,514. Their working capital amounts to Rs. 85.55 lakhs. The owned capital stands at Rs. 41.63 lakhs—paid up share capital 17.91 lakhs and reserves Rs. 21.96 lakhs. The proportion of owned to the total working capital is 48.5 per cent. The liability of these societies except rural and grain banks is unlimited.

Rural Banks.—Rural banks are also village credit societies but these are formed on the basis of limited liability and with larger area of operation. They have been started very recently. The total number of these banks is 39. They have a membership of 2,120. Their working capital amounts to Rs. 60,000 out of which Rs. 23,281 is their owned capital. Most of the rural banks have been linked up with co-operative

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sale societies and the members are given loans on the condition that they should sell their produce through the latter. When fully developed these banks will themselves take up the sale of their members' produce and serve as centres of better business for rural reconstruction societies which are being formed in villages in their area of operation.

Grain Banks.—These are mainly thrift societies. As the villagers find it difficult to save in cash, they are afforded an opportunity to save in kind. The members of the grain banks deposit a certain amount of their produce at every harvesting season with the banks in the form of shares. When necessary, these banks loan their accumulated grain to their members for consumption and sowing purposes. The number of grain banks is 92 with a membership of 2,646. The amount of grain saved by the members during the year 1939-40 was 1.45 lakhs of seers. The net profit earned on the loans advanced to members was 19.5 thousands of seers.

B. CENTRAL BANKS

Each district in the Nizam's Dominions had a central bank, but with the growth in the number of societies central banks sprang up in many of the taluks bringing their total number to 40. The central banks are of mixed type i.e., they accept both societies and individuals as members but make loans to co-operative societies only. They have a membership of 4,843 and a working capital of Rs. 66.98 lakhs. Their paid up share capital amounts to Rs. 11.78 lakhs and reserves to Rs. 15.34 lakhs.

Owing to successive bad crops and the effects of the general economic depression, the financial condition of a few of the banks was causing anxiety to the movement. His Exalted Highness was graciously pleased to sanction a loan of Rs. 15 lakhs, of which Rs. 8 lakhs was free of interest repayable in 10 years, and Rs. 7 lakhs repayable in 5 years at 3 per cent interest. This benevolent aid has enabled the weaker banks and their affiliated societies to strengthen their position.

C. APEX BANK

The Hyderabad Co-operative Dominion Bank was registered on the 6th March 1915 under H.E.H. the Nizam's Government Act II of 1914 and started work on the same day, its name at the time of registration being "The Hyderabad Co-operative Central Bank, Ltd." Its object was to finance co-operative societies established under the Act. From the year 1923 it has been making advances to co-operative central banks also. In pursuance of the policy of the Department for a few years prior to 1925 of forming central banks for the various districts and of converting the Hyderabad Co-operative Central Bank, Limited, into an apex bank and the chief co-operative financing agency of the Dominions, the name of the Bank was changed in 1925 into "The Hyderabad Co-operative Dominion Bank, Limited." Even now, the Bank continues to have direct dealings with certain primary societies in a few districts.

Capital.—The working capital of the Bank is composed of—(1) share capital, (2) deposits from members, registered co-operative societies and central banks, non-members, government, (3) reserve and other funds, (4) debentures, and (5) other borrowings.

The authorised capital of the Bank is (Halli Sicca) Rupees Ten lakhs. It is made up of 10,750 shares—(a) 6,750 ordinary shares of Rs. 100 each to be allotted to the individuals, (b) 3,000 ordinary shares of Rs. 100 each to be allotted to the registered co-operative societies and (c) 1,000 preference shares of Rs. 25 each to be allotted to the officials of H.E.H. the Nizam's Government applying for loans for constructing houses.

The Issued Capital is H. S. Rs. 5,75,000. The paid-up capital as on 5th May 1941 was H. S. Rs. 5,59,935.

Management.—The management of the Bank was originally vested in a Board consisting of 10 members elected from among the individual shareholders. In view of the policy of giving adequate representation on the Board to societies and banks, which has been steadily pursued, the by-laws were amended from time to time. The management now vests in a Board consisting of 21 directors, including the President, Vice-President and the Registrar of Co-operative Societies, H.E.H. the Nizam's Government, who is an *ex-officio* director. Subject to the control of the Board of Directors, the management vests in an Executive Committee consisting of the President, the Vice-President, the Registrar of Co-operative Societies, who is an *ex-officio* director, and six other members, elected by the Board of Directors from among themselves.

The assets and liabilities of the Bank as on 5th May 1941 are as follows:—

Liabilities	H.S. Rs.	Assets	H.S. Rs.
Share Capital ..	5,59,955	Loans:	
Reserves ..	9,02,954	Co-op. Banks and societies ..	6,49,370
Deposits ..	27,40,150	House-building purposes ..	7,05,962
Others ..	2,72,233	Investments ..	25,56,251
		Bank premises, etc. ..	99,836
		Interest on Loans ..	1,20,144
		Others ..	1,10,086
		Cash, Bank & Treasury balances ..	2,33,643
Total ..	<u>44,75,292</u>	Total ..	<u>44,75,292</u>

Deposits.—The Bank accepts deposits on following terms:—

	Rate of Interest
1. Fixed Deposits for 1 year	.. 2½%
2. Fixed Deposits for 2 years	.. 3%
2. Current Accounts	.. 1%
3. Savings Bank	.. 2%
4. Special Savings Bank	.. 1½%

Loans.—The policy of the Bank has been to reduce the rate of interest on the loans advanced to co-operative central banks and societies, and the Bank has been doing it progressively, subject to the condition that the ultimate borrower is benefited. The following are the present loan rates:

Loans to Co-operative Central Banks	.. 5%
Loans to Office Co-operative Societies (Salary Earners' Societies)	.. 6 & 6½%
Loans to Rural Societies	.. 8½%

From the 7th June 1935 the Bank has been advancing loans to the employees of H.E.H. the Nizam's Government for house-building purposes at the rate of 6% per annum. House-Building loans advanced to end of 5th May 1941 amount to Fialli Sicca Rs. 26,76,479.

D. URBAN BANKS

The number of urban banks is 120. They have a membership of 16,689 and a working capital of Rs. 12·65 lakhs. Their owned capital amounts to Rs. 5·51 lakhs or about 43·5 per cent of the working capital. The owned capital is made up of Rs. 4·07 lakhs shares and Rs. 1·44 lakhs reserves. Some of these banks are working with a capital of more than one lakh.

Salary Earners' Societies.—The number of these societies stands at 293 with a membership of 20,013. Their working capital has risen to Rs. 35·39 lakhs, out of which Rs. 27·93 lakhs, that is, more than 78 per cent is owned capital. Some of these societies are working with capital of more than a lakh of rupees.

CONSUMERS' STORES

There were six stores in the State during the year 1939-40 with a membership of 485, paid up share capital of Rs. 28,162, reserve and other funds of Rs. 6,470 and working capital of Rs. 56,890. They sold goods during the year worth Rs. 17,847 and made a book profit of Rs. 843.

SALE SOCIETIES

The total number of sale societies during the year 1939-40 was 51, out of which 10 were cotton sale societies established in the cotton growing districts of the State. All the societies put together have a membership of 2,926, paid up share capital of Rs. 56,609, reserve and other funds amounting to Rs. 40,879 and a working capital of Rs. 1,62,714. Of the other societies, 9 deal in agricultural products other than cotton, 4 paper manufacturers' societies, 5 carpenters' societies, 10 gold and brass smiths' societies, 1 dyers' society, 6 shoe-makers' societies, 1 bidar industry society, 1 tanners' society, 1 basket makers' society, 1 cutlers' society, 1 indrial soap factory, and the last potters' society.

The membership of cotton sale societies is 845. Their working and owned capital amounts to Rs. 50,381 and Rs. 26,464 respectively. The other societies have a membership of 1,627, their working and owned capital being Rs. 64,534 and Rs. 30,517 respectively. It has been found that sale of goods on "Adat" system alone does not command large business. The sale societies are therefore, taking up loaning business, so that they may enlist members from the neighbouring villages which do not have credit societies of their own. Crop loans are advanced on the understanding that the members will sell their produce through the society. The Government have kindly agreed to subsidise the sale societies to the extent of Rs. 30 per mensem during the first three years for meeting, in part, the cost of management, while the Co-operative Union will meet from the supervision fund the cost of field staff at the rate of Rs. 2 per mensem for each village containing more than 15 borrowing members of the society.

The 9 societies which deal in agricultural products, other than cotton, have a membership of 1,627, paid up share capital of Rs. 21,048, reserve and other funds of Rs. 14,469, and working capital of Rs. 64,534. They sold during the year goods worth Rs. 39,947 at a book profit of Rs. 3,005. The other 32 societies have a membership of 454, paid up share capital of Rs. 14,874, reserve and other funds amounting to Rs. 15,633, and a working capital of Rs. 47,769. During the year 1939-40 they earned a book profit of Rs. 2,158.

SPECIAL TYPES OF SOCIETIES

The Co-operative Insurance Society.—The total number of policy-holders stands at 4,331 and the sum assured amounts to Rs. 35.17 lakhs. The Society received Rs. 75,003 towards first year's premia and Rs. 6,387 towards renewal premia. The total income of the Society is Rs. 1.47 lakhs. Forty per cent of the first year's premium income and 92½ per cent of the renewal premium income were transferred to the Life Assurance Fund which amounts to Rs. 1.70 lakhs. The main feature of the working of this Society is the low average of expenditure, its ratio being only 64.3 per cent of the first year's premium.

The Society has a rural staff to work in the villages and insure the life of the cultivators. At its first actuarial valuation the Society has declared a simple uniform reversionary bonus at Rs. 15 per thousand on whole life assurances and Rs. 12 per thousand on endowment assurances for each year's premium paid or payable on all policies in force on 3rd October 1940.

Weavers' Societies.—There were 60 societies working during the year 1939-40 with a membership of 1,345; paid up share capital of Rs. 26,492; reserve and other funds amounting Rs. 49,444. Their working capital was Rs. 1,67,003. At the end of the year the amount of loans due by individuals was Rs. 1,07,954 and banks and societies Rs. 5,446. The societies held loans and deposits from Government to the extent of Rs. 25,673, from provincial and central banks Rs. 56,959 and from societies Rs. 5,848 at the end of the year.

Rural Uplift Societies.—There were 139 societies working in the State during the year 1939-40 for rural development with a membership of 13,029, paid up share capital of Rs. 10,616, reserve and other funds amounting to Rs. 10,696 and a working capital of Rs. 22,591. They made loans during the year to the tune of Rs. 7,965 to banks and societies and Rs. 1,618 to individuals. The usual rate of interest at which they borrowed was 8 per cent and lent was 9½ per cent.

Cane Growers' Societies.—There were four societies in the State working during the year 1939-40 with a membership of 111. These societies are of limited liability type. Their share capital was Rs. 2,926 and working capital Rs. 3,321. Only two of these societies have made any tangible progress worth mentioning.

Housing Societies.—There were seven societies, one in Jangaon, 5 in Balda and one in Parbhani working during the year with a membership of 217. They have a paid up share capital of Rs. 24,858, reserve and other funds amounting to Rs. 4,377, and a working capital of Rs. 96,171. The one in Jangaon and 5 in Balda seem to have been working. The 5 societies in Balda are reported to have made good progress, and during the year 1939-40 earned a book profit of Rs. 2,095. A major portion of the working capital of the 5 societies in Balda was derived by way of long term loans from the Government, while the society in Jangaon derived it from the financing institutions.

Thrift Societies.—There were ten such societies working during the year with a membership of 143, paid up share capital of Rs. 452 and working capital of Rs. 8,137. They attracted deposits from members to the tune of Rs. 2,313, during the year. The amount of loans and deposits held at the end of the year from members was Rs. 6,678 while the amount of loans due by individuals was Rs. 2,831 and banks and societies Rs. 2,933.

M.S.K. Multi Purpose Mills, Gulbarga.—The society seems to have worked well during the year. It has a membership of 772, paid up share

capital of Rs. 31,841, and a working capital of Rs. 33,109. It sold goods worth Rs. 33,138 and earned a book profit of Rs. 6,513. The usual dividend paid on shares was $3\frac{1}{2}$ per cent.

Gorakshana Sabha, Parbhani.—The society has a membership of 40, reserve and other funds amounting to Rs. 50,071 and a working capital of Rs. 52,021. It earned a profit of Rs. 3,784 during the year. Its cost of management for 1939-40 amounted to Rs. 2,362.

THE HYDERABAD CENTRAL CO-OPERATIVE UNION

The Union carries on the work of education, propaganda and supervision. The number of societies affiliated to the union is 3,102. Each society pays an annual subscription on the basis of its working capital. The government gives a grant in aid of Rs. 15,000 for co-operative education. The union holds co-operative training classes for the officers of the department and members and office-bearers of the societies. It carries on propaganda work by means of magic lantern lectures, conferences, co-operative rallies, dramas and cinema shows. It maintains a public library and reading room at Hyderabad and helps to maintain circulating libraries with the rural reconstruction societies. It publishes co-operative literature and model by-laws of the various types of societies and issues a monthly journal by the name *Gaon Sudhar* in Urdu, Telugu, Marathi, and Kanarese.

The Union also runs a Rural Development Centre at Patancheru. There is a staff of one educational officer and 10 rural instructors and propagandists for education and propaganda. The Union supervises the working of the village societies and for this purpose it maintains a staff of about 130 trained supervisors.

*"A temple, neither Pagod, Mosque, nor Church,
But loftier, simpler, always open-door'd
To every breath from heaven and Truth and Peace
And Love and Justice come and dwell therein".*

—TENNYSON.

INDORE

Provincial Editor

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Note.—The brief summary of the movement in Indore is gathered mainly from the Administration Report of the Registrar of Co-operative Societies in Indore, for 1939-40, in the absence of other materials made available.—G. Ed.

INDORE

General Features.—Indore is one of the 28 Salute States of the Central India Agency and has direct treaty engagements with the British Government. It has an area of 9,902 sq. miles and a population of 15,10,600 (1941). The administration of the State is carried on by the ruler* assisted by the State Cabinet of which the Prime Minister is the President. According to the new reforms, the Legislative Council of Indore consists of 50 members—34 elected and 16 nominated, with special seats for Harijans and Labour. The social and political reforms recently introduced include uplift of the Harijans, compulsory primary education, fixing minimum age for marriage for boys at 18 and for girls at 14 and expansion of rural education. Acts were passed controlling the funeral and marriage expenses also. The State is rich in forests. It contains 691 miles of well maintained roads besides the trunk roads. There is a State-owned railway, the principal station of which is Indore. The B.E. & C.I. Railway and the U.B. section of the G.I.P. Railway run through the State. The chief imports are cloth, machinery, sugar, salt, spices, rice, coal and kerosene, while the chief export products are cotton cloth, tobacco and cereals. Wheat is the chief food crop of the State while cotton is the chief cash crop. His Highness has sanctioned a contribution of Rs. Two lakhs every year from his privy purse for rural uplift work and a further gift of Rs. one lakh annually, also from his privy purse, for construction of houses for the poor workers. An Institute of Plant Industry for the improvement of cotton, is located at Indore. It has nine spinning and weaving mills. The State has an average annual income of Rs. 1.22 crores.

A Retrospect.—It was about a decade after the introduction of the co-operative movement in British India, that it was introduced in the Holkar State. His Highness the Maharaja, Sir Tukoji Rao Holkar III evinced keen interest in this beneficent movement, and was graciously pleased to extend all the necessary support for its initiation in the State. Mr. Moreland, a senior officer of the Indian Civil Service from the United Provinces, was appointed Agricultural Adviser of the State; and he drafted the Co-operative Societies' Bill, which was promulgated as the Indore Co-operative Societies' Act in 1914. Mr. (now Muntazun-ikhas, Bahadur, Rao Bahadur) S. L. Tambe, B.A., was at that time, deputed to the United Provinces for receiving co-operative training. He with the help of the revenue officers, specially Mr. Navate, the then Suba of Indore organised agricultural co-operatives in the Indore District. The first co-operative agricultural credit society was registered on 15th October 1915. After 22 such societies were started, the

* Ruler: His Highness Maharajadhiraj Raj Rajeshwar Sawai Shree Yeshwant Rao Holkar Bahadur, G.C.I.E.

need for a central financing agency was felt; and the Indore Premier Co-operative Bank was organised in March 1916.

There were, at the end of the year 1939-40, about 847 societies in the State with a membership of about 29,974. The total amount of working capital was round about Rs. 90 lakhs. The owned capital of the societies during the year was Rs. 29.6 lakhs and forms roughly 32.9 per cent of the total working capital. The societies issued fresh loans to the tune of Rs. 14.4 lakhs during the year and the total amount of outstandings at the end of the year was round about Rs. 68.45 lakhs. The number of villages in the State was over 3,000, apart from small hamlets and Jahagir villages; and the total population of these villages may be taken as round about 8 lakhs. The Registrar in his latest administration report observed that 'the movement has touched only a very small fraction of the agricultural population as about 75 per cent of villages and 90 per cent of village population is outside the fold of the movement.'

In addition to the expansion and development of the movement in the State during the year 1939-40, a programme of consolidation and rectification has been pursued. It was reported that the economic condition of the rural population has deteriorated on account of the Depression that prevailed during the last ten years, and this position has necessitated a constructive effort. Further, the protective legislation, viz., the Debt Conciliation Act is said to have been hampering the extension of the co-operative credit movement in particular and development of other allied activities in general. In view of the protective legislation, demand for credit and financial accommodation on co-operative organisations will increase. The situation created by curtailment of credit and other facilities, that were supplied by the indigenous money-lenders so far, have to be met by proper development of the co-operative movement in all its aspects. It is said that this positive contribution is needed to supplement such legislations to bring about the fruition of the objects underlying them.

Recently, the Government had appointed a special officer to investigate into the position of the co-operative movement in Holkar State and advise the Government on the steps necessary to rehabilitate the movement.

CO-OPERATIVE FINANCE

A. AGRICULTURAL SOCIETIES

The number of primary agricultural societies at the end of the year 1939-40 was 781 and the total number of members was 15,575. The reserve fund of the societies was about Rs. 14.59 lakhs and the working capital Rs. 31.34 lakhs. They advanced loans during the year to the extent of Rs. 1.53 lakhs and the amount of loans outstanding against members was Rs. 32.74 lakhs. All these societies are of unlimited liability type. They are financed by the central banks to which they are

affiliated, except in the case of six societies in Manpur and Narayanagar tracts which are directly financed by the Department. Recoveries of fresh advances given to members for agricultural needs are made every year at the time of harvest. The frozen overdues are treated as long-term loans. The question of scaling down old debts to the limit of recoverable debts, i.e., the amount that can be repaid by a member within twenty years, by instalments compatible with the paying capacity, requires financial support from the Government. For this an arrear scheme has been prepared, and the question is pending consideration of the Government. At present annual agreements with regard to recoveries are made after taking into consideration the paying capacities of members. The usual rate of interest charged is 12 per cent while the rate of interest on borrowings is 9 per cent.

B. CENTRAL BANKS

There were six Central Banks in the State working during the year —including the Indore Premier Co-operative Bank, with a total membership of 1,524 societies and 746 individuals. These central banks are the financing agencies for primary agricultural societies affiliated to them. The usual rate of interest at which loans are given to societies is 9 per cent. They had a paid up share capital of Rs. 1.92 lakhs and reserve and other funds amounting to Rs. 2.16 lakhs. Their total working capital amounted to Rs. 32.42 lakhs. These banks have borrowed from the Government to carry on their business as the deposit money was not found sufficient. The rate of interest on the Government loan is 6 per cent, while the banks lend to societies at 9 per cent. They are making necessary arrangements to build fluid cover to meet the calls of the depositors. The problem of overdues and bad and doubtful debts is engaging the attention of the authorities. The question of scaling down debts of deserving members and weeding out hopeless members and societies is also in view. The whole problem of reorganisation of central banks is under consideration of the Government. These banks, however, issued loans to the tune of Rs. 2.56 lakhs to societies during the year and the amount of outstandings stood at Rs. 18.13 lakhs. The inflation of outstandings is being minimised on account of remissions and concessions granted to societies.

C. THE INDORE PREMIER CO-OPERATIVE BANK

As has already been stated the necessity for a central financing agency was felt after a few agricultural societies were started, and accordingly the Indore Premier Co-operative Bank was started on 14th March 1916 under the name of "The Indore Co-operative Central Bank," with a capital of Rs. 51,747, share money of Rs. 1,320, deposits amounting to Rs. 5,100, and a total working capital of Rs. 51,806. The number of affiliated societies was 22, with a membership of 449. The following statement will show the growth of the Bank:—

	1920-21	1925-26	1930-31	1935-36	1939-40
<hr/>					
No. of Members:—					
(a) Individuals	500	575	655	753	848
(b) Societies	119	148	326	446	523
	Rs.	Rs.	Rs.	Rs.	Rs.
Share Capital	57,920	1,01,000	1,29,137	1,35,550	1,38,565
Fixed Deposits	3,69,742	5,63,736	9,59,357	14,64,335	14,16,183
Savings Deposits	1,48,606	2,61,460	3,95,922	5,33,127	4,75,637
Current Accounts	..	..	27,778	55,553	69,003
Reserves:—					
(a) Statutory	27,693	88,914	1,32,775	1,19,934	1,08,634
(b) Others	..	16,158	54,546	50,790	81,233
Loans	76,897	..	42,450	1,41,298	2,34,263
Management Expenses	5,312	9,919	25,625	34,062	34,660
Net Profits	19,501	19,806	21,756	31,970	29,309
Investment in Banks	..	1,03,087	3,22,524	2,10,636	1,35,466
Investment in Govern- ment Securities	..	74,343	2,54,654	7,70,230	7,21,946
Other Investments	..	91,084	19,205	17,100	21,625
Loans due by—					
(a) Primary Agricul- tural Societies	7,08,885	7,74,279	9,00,715	10,71,165	11,60,010
(b) Other Societies	..	9,783	61,752	69,294	61,718
Loans against tangible securities	..	2,333	2,18,495	3,29,886	3,50,600
Working Capital	7,18,238	10,77,831	17,92,406	25,81,059	26,00,944

The working of this Bank was practically attended to by the staff of the Registrar till 1920-21. Since then the affairs of this Bank are being managed by the directors with the help of Bank's own staff. Since 1921-22, the Bank stopped advancing big or long-term loans. Even advances of intermediate type were discontinued. From the year 1925-26 the policy of advancing only short-term loans for productive purposes and repayable ordinarily in a year from the harvest has been adopted and scrupulously adhered to. A study of rural economics and experience of rural finance enabled the Bank to develop a sound system of financing short-term advances for raising winter, summer and wet crops. Since 1931 the Bank developed its activities and commenced financing individual members against tangible securities kept in possession of the Bank. It now advances against gold, silver, government and trust securities under section 20 of the Indian Trust Act, approved shares and produce, but it does not finance against security of immovable property.

Branch banking has been introduced since 1926 which has brought the borrower into close contact with the financier and has provided a suitable agency, on the spot, for close supervision and guidance of affli-

ated societies. This Bank has opened four branches in Nimar district. These branch offices contribute to educational activities and to the focussing of the views of the representatives of societies. It is likely that branch banking may also facilitate the development of banking unions in due course in suitable society centres to be managed by representatives of village societies themselves.

Reorganisation.—Agriculture has suffered a severe set-back due to the recent world-wide economic depression. The village societies and their financing institutions are, therefore passing through a critical period. Overdues in respect of principal and interest are a common feature everywhere in India. The Indore Premier Co-operative Bank has submitted to His Highness' Government a scheme for the opening of an Arrears Bank for long-term finance. The idea is to have sufficiently stable capital, free of interest, so as to enable the members to pay off their arrears by small instalments. With the aid of the owned capital (share money and reserves) supplemented by necessary long-term loan (free of interest), this Bank would be able to organise a separate Arrears Bank for recovery of arrears of loans. The question is under consideration of the Government.

The Bank has organised the central co-operative institution for propaganda and education called 'The Indore Co-operative Central Association' and gives an annual contribution to it, amounting to Rs. 1,600. This Bank is also a member of the Association.

The Bank has developed for properly investing surplus fund in Banks and Government securities in accordance with section 32 of the Indore Co-operative Societies Act. The working of the Bank is practically on the lines of the Bombay Provincial Co-operative Bank.

The Bank is fortunate in securing the continuous services of self-sacrificing honorary workers and the cordial co-operation of the Registrar of Co-operative Societies. Hence this Bank has been able to occupy the present prominent position in the money-market of Indore and render real relief to the members of co-operative societies.

The Indore Premier Co-operative Bank is the chief co-operative bank in the State and as such affiliated to the Indian Provincial Co-operative Banks' Association. There are, as already stated, five other co-operative central banks in the State, one in Mahidpur district, one in Nemawar and three in Nimar. The question of merging these central banks into the Indore Premier Co-operative Bank is also under consideration and a move in that direction has been made for the merging of two central banks.

D. URBAN CREDIT SOCIETIES

The number of urban credit societies working in the year 1939-40 in the State was 27 of which 24 were working in the Indore City, while three in the districts. The membership of all the societies put together was 11,709. Their aggregate working capital was Rs. 25.19 lakhs. The

paid up share capital and reserve and other funds amounted to Rs. 7.96 lakhs and the borrowed capital was about two and a half times the owned capital. They made fresh advances during the year to the tune of Rs. 10.29 lakhs. The loans outstanding against members amounted to Rs. 17.16 lakhs. The object of majority of these societies has so far been only to extend cheap credit facilities to their members and to encourage their savings. Distribution of profits, it seems, is now confined to realised distributable profits. Creditors, on becoming members of a society are given representation, as per proportion agreed upon, on the Board of Management of the society. A move was made in a few societies to develop internal organisation for supervision and control. It was reported that one institution has already set an example by setting up a Board of Directors consisting of two sub-committees, one dealing with supervisory and audit matters, and the other looking to the conduct of the ordinary business, the entire Board to guide, regulate and control the business and be responsible to the general body.

PURCHASE, PRODUCTION AND SALE SOCIETIES

There were three purchase and sale societies, all working in Indore City with a membership of 550 and a working capital of Rs. 27,161. They sold goods worth Rs. 9,197 to members during the year. The paid up share capital of these societies was Rs. 5,814 and reserve and other funds Rs. 3,071. The profits of these societies for the year amounted to Rs. 186.

There is one society of the type 'production and sale' in the State and that is "The Holkar State Normal School Sahakari Krishikarya Sanstha." Its functions include rural uplift activities, apart from agricultural production and cottage industries. It maintained a dairy consisting of about 25 cattle during the year. The agricultural operations on the farm of the society are carried on improved lines and its cottage industries section imparts instruction in agriculture and cottage industries. It had a membership of 156 and its working capital amounted to Rs. 6,153. During the year 1939-40, it earned a profit of Rs. 952.

SPECIAL TYPES OF SOCIETIES

Weavers' Societies.—There were 19 weavers' societies in the Maheswar and 3 artisans' societies in the Nemawar districts. They had a membership of 224 and their working capital at the end of the year amounted to Rs. 50,113. Their reserve fund was Rs. 22,918. It was reported that a preliminary survey is being undertaken under the guidance of the department for reorganisation of the weavers' societies.

Insurance Society.—At the end of the year 1939-40 the society had a membership of 427. The paid up share capital amounted to Rs. 2,800

and the number of shares sold was 1,807. The society issued 395 policies of the value of Rs. 2,72,300 so far. It is reported that the work of the society is stagnant and that efforts are being made to reorganise it, in consultation with the Bombay Co-operative Insurance Society. The working of the society is being linked with the Bombay Co-operative Insurance Society and arrangements for reinsurance of policies over Rs. 500 are being made. It is understood that the Bombay Society has consented to give some subsidy and train the employees of the local society. Appointment of local agents in the districts and the utilisation of the field staff of the central banks and the Indore Central Association in districts was under contemplation, for promotion and expansion of the business of the society.

Bij Bhandars: (Seed Depots).—It was reported that about 28 villages in Betma Circle, three in Deparpur Circle and two in Indore Pargana were served with these societies in the year 1939-40. These societies do not accept loans or deposits in kind from creditors. The funds are raised in kind for seed financing by savings from members at harvest time, and the savings of each individual are utilised to supply seed advances to himself. A member does not get loans from the savings of other members. These societies seem to have been receiving considerable encouragement from members as well as the department.

Bijalpur Gram Sudhar Sabha.—This society was started in March 1940 in Bijalpur to undertake general work of rural reconstruction including better living, better farming and better business. The object of the society is to raise the level of the village in all aspects. The by-laws are so framed as to allow all activities of village improvement included in its objects. The membership of the society during 1939-40 was 84. It was reported that some lady workers of the All-India Womens' Association were also taking keen interest and were trying to educate and organise the womenfolk of the village for participating in the work of village improvement, for which they are better fitted, such as health, cleanliness, thrift, education, maternity and proper bringing up of children. The activities of this society at the outset have commenced with the thrift programme. A night school, an experimental farm and an *akhada* for physical culture are some of the activities carried on in the village. The collections made to the end of 1939-40 amounted to Rs. 250.

Adat Shops.—Adat shops were organised at Indore, Bhikangaon and Sendhwa under the auspices of the Indore Premier Co-operative Bank with a view to arrange for sale of produce of the cultivators. Two shops one each at Khargone and Sanawad were opened during the year 1939-40. The main object of these shops is to secure better prices for the agriculturists' products. These shops sold goods worth Rs. 2.88 lakhs during the year. The question of linking stores for supplying domestic and agricultural requirements of the villagers with these shops or organising them as separate institutions seems to be under consideration.

THE INDORE CO-OPERATIVE CENTRAL ASSOCIATION

The Association was started in 1922-23. It is a vitalising force of the movement in the State. Its objects are multifarious, such as (1) to develop the co-operative movement, (2) to serve as a centre for every sort of co-operative activity and (3) to promote the study of questions connected with co-operation, etc.

This Association carries on the work of propaganda, education and organisation of societies and the training of co-operative staff of *Moharrirs*, supervisors and inspectors. It also arranges to give training to panchas and members of co-operative societies. It is also doing the useful work of holding District and State Co-operative Conferences every year for the purpose of discussing common problems of the day. The Association also arranges union meetings of the societies at different union centres.

So far the work of the Association confined to the area served by the Indore Premier Co-operative Bank. It has now enlarged its field of activities throughout the State. Efforts are being made to affiliate all central banks, rural and urban societies. Many of the urban societies have joined the Association and it is hoped to carry on the work of Association with full vigour. Necessary changes in the by-laws have also been effected to suit the purpose. The Association is a member of the All-India Co-operative Institutes' Association.

The Indore Co-operative Central Association, so far organised six Holkar State Co-operative Conferences and many district conferences.

The funds of the Association consist of contribution of Rs. 1,600 from the Indore Premier Co-operative Bank, subscription from societies and individual members and the annual government grant of Rs. 1,200. Besides the annual government grant it also gets additional grants from the government for meeting the expenses of Holkar State Conferences. The government has been kind enough to extend all necessary help and facilities.

SUPERVISION, EDUCATION AND AUDIT

Supervision and inspection of societies is done by the departmental staff: Propaganda and education is carried on by the Indore Co-operative Central Association. The Co-operators' Rotary Club is reported to have been doing useful work in regard to imparting education. The move for organising a separate audit and supervising union of primary urban societies has not materialised. Audit also is done by the departmental staff.

A Co-operative Council was established in the year 1937 to assist and advise the department, particularly the urban section, on matters of policy and principles and for solving common questions for the betterment of the movement. There is, however, provision to give representation to the rural section also on the council. The council is considered to be the common platform for both rural and urban movement.

JAMMU AND KASHMIR

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Note.—The only information made available to the General Editor, in addition to two papers contributed, one on the Jammu and Kashmir Co-operative Institute and the other on Co-operative Marketing, is in the form of a few statistical tables with regard to the working of the societies in the State for the year 1939-40.

JAMMU AND KASHMIR

General Features.—The Jammu and Kashmir State is the northern most Indian State and lies between 32° and 37°N. and 73° and 80°E. with an area of 84,471 sq. miles, and may be divided physically into three areas; the upper, comprising the area drained by the River Indus and its tributaries; the middle, drained by the Jhelum and Kishenganga Rivers; and the lower area consisting of the level strip along the southern border, and its adjacent ranges of hills. It has a population of 40,21,000. The population is pre-eminently agricultural and pastoral. The principal food crops are rice, maize, wheat and barley, while the chief cash crops are cotton, saffron, tobacco, walnuts, almonds and hops. Oilseeds and beans are also grown in large quantities. The principal fruits of the valley are pears and apples and are exported in large quantities. The State forests are extensive and valuable. The mineral wealth consists of bauxite, coal, zinc, copper, etc., and in some places gold. There are about 400 miles of roads for wheeled traffic. Great efforts have been and are being made towards the improvement of roads in the State. The Jammu-Suchetgarh Railway, a section of the Wazirabad-Sialkot branch line of the North-western Railway system is the only railway in the State. The mountainous nature of the country has so far prevented the extension of the railway line as well as the construction of roads. Manufacture of silk is a very ancient industry in Kashmir. The silk filature in Srinagar is the largest of its kind in the world. Woolen cloth, shawls, carpets, papier mache and wood carving of the State are world famous. The State has been recently connected with the telephone system of British India. An aerodrome has been constructed five miles from Srinagar. The installation of a large electric power station on the Jhelum River at Mahora in 1907 and the construction of a number of canals afforded greater facilities for irrigation. The bridge over the Chenab at Aknur, which cost Rs. 4 lakhs has the longest unsupported span in India. The State Assembly (Prajā Sabha) consists of 75 members of which 40 are elected. The important reforms introduced are the establishment of an independent High Court of Judicature modelled on British Indian lines; the Agriculturists' Relief Regulation designed to cope with the problem of rural indebtedness; and the appointment of four non-official members of the Sabha as Under-Secretaries to assist His Highness's* Ministers. Very recently certain modifications have been made with regard to administration. The capital of the State is Srinagar.

*Ruler: Major General H. H. Maharaja Sir Hari Singh Bahadur, G.C.S.I., G.C.I.E., K.C.I.E., K.C.V.O., A.D.C.

CO-OPERATIVE FINANCE

A. AGRICULTURAL SOCIETIES

The total number of agricultural societies in the State was 2,839 with a membership of 59,230 and a working capital of Rs. 51,70,140. Of the total number of agricultural societies 2,634 were credit societies, 11 production and sale and 194 other types of societies. The credit societies are of unlimited liability type while the rest are of limited liability type. The paid up share capital of all the societies amounted to Rs. 14,80,434, reserve fund to Rs. 6,82,351 and other funds to Rs. 10,52,141. The usual dividend paid on shares was 3 to 10 per cent. The borrowing rate of the societies was 6 to 7 per cent while the lending rate was $6\frac{1}{4}$ to 9% per cent. The amount of loans and deposits received during the year was Rs. 2,71,047—Rs. 64,770 from individuals and non-members and Rs. 2,43,106 from central banks; and the amount lent out during the year was Rs. 2,94,436—Rs. 2,74,679 to individuals and Rs. 19,757 to banks and societies. The amount of loans due by individuals was Rs. 38,36,125 of which Rs. 12,14,746 was overdue; and the amount due by banks and societies was Rs. 43,984. The cost of management of these societies during the year was Rs. 64,770 and the amount of profit earned for the year was Rs. 1,42,496.

B. CENTRAL BANKS

There were 15 central banks in the State with a membership of 539 individuals and 3,014 societies—4 central credit societies, 2,631 agricultural credit societies and 379 non-agricultural credit societies. The paid up share capital of these banks amounted to Rs. 4,95,354, the reserve fund to Rs. 3,11,000, other funds to Rs. 4,48,847 and the working capital to Rs. 35,47,389. The usual dividend paid on shares was 3 to 6 per cent. There was an uncalled share capital of Rs. 27,271 out of the subscribed capital of Rs. 5,22,625. The usual rate of interest on borrowings of these banks was $2\frac{1}{2}$ to 5 per cent while the rate charged on lendings was 3 to 7 per cent. The amount of loans and deposits received during the year from central banks was Rs. 1,23,079, from primary societies Rs. 1,56,677 and from individuals including Government and other sources Rs. 9,68,338, while the amount lent out during the year was Rs. 77,781 to individuals and Rs. 4,92,324 to banks and societies. The amount of loans due at the end of the year by individuals was Rs. 17,154 and that due by banks and societies was Rs. 25,87,689. The cost of management of these banks during the year was Rs. 27,506 and the amount of profit earned was Rs. 74,174.

There is no provincial or apex bank in the State.

C. NON-AGRICULTURAL SOCIETIES

The following table gives an abstract working of these societies during the year.

	*Credit Societies	Purchase and Purchase and Sale Societies.	Production Societies	Production and Sale Societies	Other types of Societies.	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Share capital	2,40,054	2,774	20	138	—	2,42,986
Deposits from members	10,733	—	—	—	—	10,733
Loans from other societies	3,82,479	4,299	93	12	—	3,86,883
Loans and deposits of non-members (individuals)	7,785	570	—	2	—	8,357
Reserve funds	37,444	47	—	—	—	37,491
Other funds† including undistri- buted profits	1,65,076	1,609	—	12	2,487	1,69,184
Working capital	8,43,571	9,299	113	164	2,487	8,55,634

CO-OPERATIVE MARKETING

The organization of a net work of co-operative credit societies provided easy credit to the ryot and did palliate the situation for a time. But the phenomenal fall in the prices of Agricultural commodities and the absence of a suitable marketing agency left much to be desired in the prosperity of the ryot. In his dependence on a host of middlemen, the agriculturist saw his plight again as miserable as before. The host of middlemen playing their role—an important economic function though—in the hierarchy of the process of agricultural marketing take a large portion of the profits with the result that the agriculturist does not get the full effect of his produce.

The village moneylender who markets the agricultural produce, dictates the price of agricultural commodity to the grower even if he is not already indebted to him, because the peasant who has to pay his debt to the co-operative credit society, pay land revenue, provide for his agricultural and domestic requirements, cannot hold the produce. The

* There is no information as to the total number of societies in the State; but the total number of societies affiliated to the central bank is 379.

† The figures given under this item represent the divisible profits for the year.

village moneylender therefore controls the grower in the sphere of sale so that the prices obtained by the agriculturist cease to have any relation to the cost of production.

Small wonder then that the discontent amongst the ryots should make a target of the middleman for his elimination from their limited socio-economic village order. The middleman is an evil but an inevitable evil too. Under the present circumstances his elimination without providing for a more suitable substitute will be full of grave consequences for the village economic order.

What agency can best replace the present evil system? The only means of which more may be hoped and less feared is the co-operative system of marketing. More so when the surplus of produce available for sale in individual cases is small and marketing of their produce without combination cannot be ameliorative for which organization is necessary.

The 13th Conference of Registrars held in December 1939 at Delhi resolved:

"The possibility of encouraging and extending repayment in kind should be explored especially in economically backward areas."

"Every effort should be made where suitable conditions exist, to organize Co-operative marketing with the necessary Government assistance and supervision with a view to securing to the cultivator the full effect of the rise in prices and for this purpose attention should be paid to creation of marketing unions under business management."

With the consolidation of holdings in progress and the Agricultural Development Associations for the supply of improved seeds and modern implements, working successfully, the organizing of the peasants into associations for marketing of agricultural produce co-operatively did not present a difficult ground. The Board of Agriculture of which the Registrar of Co-operative Societies is a member are favourably viewing the recommendations of the 13th Conference of the Registrars. The officers of the Department are exploring the possibilities of marketing of agricultural produce at a few centres—to begin with—by converting the existing societies into loan and sale societies and organizing at the centre a union for sale of agricultural produce. Spade work has been done to a modest extent at Kathu and Ranbirsinghpore and as advised by the U.P. Banking Enquiry Committee, efforts are being made to include the village banias, the itinerant traders, the *beoparies* and *arthidars* in the proposed organization. The organization will not only thus gain in procuring the initial capital, but will have the twofold advantage of businesslike management and elimination of competition with the capitalists for which in spite of an organization a peasant is never fit.

But being a business organization, its success will depend upon loyalty of members, their zeal and enthusiasm and being co-operative with equitable participation in profits and control, its success will depend on self-help through mutual help, brotherhood, self-reliance and unselfishness. Absence of any of these qualities would not only thwart the progress that the organization may otherwise be hoped to make, but give it a death blow as it already has to many a co-operative organizations here, as elsewhere.

Notwithstanding the elaborate manner in which we might attempt co-operative marketing, the economic realities like favourable balance of trade cannot be safely overlooked. The bulk of the State being agricultural, it is really a surprise that our State should import agricultural commodities which are not incapable of production even in this not unfertile land. We import tobacco for Rs. 6,57,095, seeds for Rs. 72,046, spices for Rs. 2,25,271, grain and pulses for Rs. 14,41,523. In contradistinction, we grow certain commodities in excess of local requirements regardless of the fact that their export is not remunerative. Shali (paddy) and maize are instances in point. Granting that cotton and sugarcane suffer from certain climatic or geographical hindrances for their convenient cultivation in a place like the valley of Kashmir, the slipping out of Jammu from our mind admits of little justification.

Our surprise is not justified to see the national wealth stuck up at an undynamic figure. Every country to-day is striving to be self-sufficient. Economic nationalism would so demand. From darkness into light shall we only go if the peasantry is educated to produce in accordance with the requirements of the country.

It is however encouraging to observe how keenly the Jammu and Kashmir Co-operative Institute is pursuing a campaign against ignorance through agencies for organized propaganda. It is exploring suitable regions and taking steps towards making the scale of unfavourable balance of trade increasingly less unfavourable.

THE JAMMU AND KASHMIR CO-OPERATIVE INSTITUTE

It was in 1936 that the idea of a co-operative institute in the State was first suggested by Mr. Aga Syed Ahmed after his study of the co-operative movement in Bombay. Mr. Aga emphasized that most of the faults found in the societies were due to the lack of teaching of true co-operative principles. It was in Anantanag, Kashmir, that he discussed with people the necessity of starting a co-operative institute. In 1938, the Kashmir Co-operative Institute was organized; but things came to a standstill with Mr. Aga's transfer to Jammu.

Jammu proved to be a fertile ground for the starting of an institute. Under the guidance of Mr. Aga, a number of eminent citizens interested in co-operation, organised a co-operative institute in 1939. The area of operations originally extended to the whole of Jammu Province, and the membership was open to all the co-operative institutions in the province

and to the public spirited educated youngmen. Mr. Aga was elected fellow of the institute for his distinguished services to the cause of co-operation.

Recently, in March 1941, in order to extend its area of operations so as to include the Kashmir Province, the Jammu Co-operative Institute was converted into the Jammu and Kashmir Co-operative Institute, by an amendment of the by-laws. Besides many prominent educated citizens, over six hundred co-operative associations are members of the Institute. The number of members is expected to go up very considerably as soon as the Kashmir Province is tapped, and ultimately the Institute aspires to represent all the major co-operative associations of the State.

The activities of the Institute are mainly to (1) acquaint the masses with the importance of co-operation, (2) hold conferences and organize propaganda camps in *melas* and fairs, (3) arrange lectures and magic-lantern demonstrations at intervals and (4) persuade agriculturists to consolidate their uneconomic holdings, abandon production of unremunerative crops, find suitable agency for marketing produce and develop subsidiary occupations. The Institute has also done a good deal for adult literacy. It has decided to publish pamphlets in very simple Hindustani for the benefit of literate adults, dealing with the ways of "Better Life." The Institute has also directly helped the movement by organising many new societies, credit as well as non-credit. It has assisted the department in organising co-operative marketing of agricultural produce. It has shown an active interest in the rehabilitation scheme. Frequent discussions are had with the zamindars and they are impressed with the real objectives of the movement.

The next main purpose of the Institute is to associate the intelligentsia with the common people. As a first practical step towards the realization of this objective, the Institute has started the "Co-operators' Bulletin" as its official organ. The Bulletin deals with the various aspects of the problem of economic regeneration and is trying to enlist the sympathy of the educated class with the masses, in order to improve their economic lot. Public opinion is being created for national economic reconstruction and matters such as favourable balance of trade from important items of discussion. The Institute also attempts to remove the apprehensions of the capitalist class regarding the co-operative movement. It is explained to them that there is no such thing as Co-operation vs. Capitalism. The motto of the Institute is very significant in this direction. "*Co-operation unites for service but not for exploitation.*"

"Co-operatives do more than build up the material foundation of Co-operators. They build men."

—BISHOP A. J. MUENCH, FARGO, N. DAKOTA.

MYSORE

Provincial Editor

S. SRINIVAS,

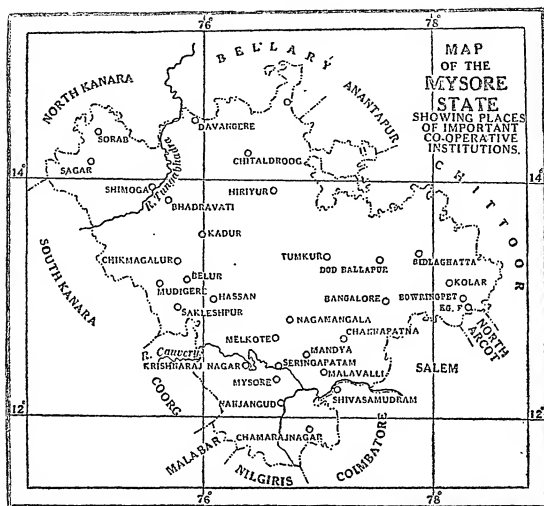
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MYSORE

General Features.—The State of Mysore is surrounded on all sides by the Madras Presidency. It has an area of 29,474 sq. miles and a population of 6,557,302. The State language is Kannada. Nearly three-fourths of the population follow the traditional calling of Agriculture. The staple crops are: ragi, rice, jowar, millets, gram and sugar cane; cotton, sunn-hemp and mulberry form the chief fibres. Sericulture is an important subsidiary industry in the State. To develop the industry of agriculture on scientific lines there are seven Government Agricultural Farms.

The State is advanced in the matter of industrial development. Gold and silver are largely mined and the Government receives more than Rs. 20 lakhs per year as royalty from gold mines. The geological surveys conducted by the State have disclosed the presence of bauxite, asbestos, fuchsite, quartzite, etc. The electrical department of the State produced electrical power of the total value of about Rs. 70 lakhs in 1938-39. The Mysore Iron and Steel Works, the second largest in the British Empire, is owned and run by the Government. Besides many other State-aided commercial undertakings for the manufacture of sugar, paper, chemicals, fertilisers, silk, tobacco and coffee curing, electrical goods, glass and vegetable oils, there are 24 large scale industrial companies with a capital investment of Rs. 5 crores and over. A Trade Commissioner has been appointed in London to look after these commercial and trading interests. The Irwin Canal which irrigates about 18,000 acres has led to the establishment of a sugar factory at Mandya with a crushing capacity of 2,000 tons per day. There are 4,815 power installations, 38,370 lighting installations and 630 irrigation pumping installations; 172 towns and numerous villages have been electrified. In 1938-39 the revenue of the State amounted to Rs. 398.28 lakhs.

The supreme authority in the State is vested in H. H. The Maharaja* who is assisted by an Executive Council. The highest judicial Tribunal is the High Court which consists of a Chief Justice and five judges. The Legislature is bicameral and consists of the Council and the Representative Assembly. Under the new constitution which has come into effect since 1940 the Assembly has been given wider powers while at the same time the popular element in the house has been enlarged. In the field of education the State has made great progress. There were altogether 7,064 schools at the end of June 1940 with a

*Ruler: His Highness Sri Jayachamaraja Wadiyar Bahadur.

strength of 3,32,267 pupils, thus giving one school to every 3.39 sq. miles of the area, and to every 771 persons of the population. The total expenditure on education was Rs. 71,61,085 working out to an average of Rs. 1-1-10 per head of population. A separate University of a residential and teaching type was established on 1st July 1916.

A Retrospect.—The Co-operative Movement in Mysore had a start of one decade over that of British India. In 1894, Sir K. Seshadri Ayyar formulated his scheme of agricultural banks and actually started a few in the very next year. Though they were incorporated under the Mysore Companies' Regulation then in force they had many of the characteristic features of the Raiffeisen Rural Credit Societies. In 1905 the Mysore Co-operative Societies' Regulation was brought into force almost simultaneously with the Indian Act of 1904 to meet the pressing demand of the weavers of Doddballapur and a few gentlemen of Bangalore City who desired to form co-operative societies. Though the Indian Act was adopted as the model, the framers of the Act in Mysore made certain important departures which were calculated to ensure greater simplicity in its application to the limited extent and needs of the State. They omitted the classification of societies into rural and urban while even at the outset they gave recognition to societies formed with objects other than credit or those specified, if they were found calculated to promote the common economic benefits of the members. In the light of experience gained in working the societies in the State as well as in British India, the Co-operative Societies' Regulation of 1905 was replaced by Regulation VII of 1918 to meet the altered requirements and ensure the sound progress of the movement in future. This Act gave legislative recognition to the Unions and Central Banks which played an important part in the organisation and development of co-operation. In 1920 the Government appointed a Committee to review the progress made by the Co-operative Movement in the State. As a result of the recommendations of this Committee which submitted its report in 1923, the land mortgage branch of the movement was inaugurated. The Co-operative Regulation of 1918 was amended in 1929 to bring in the land mortgage bank under its provisions. The Regulation was further amended in 1933 and subsequently in 1935 and 1936, so as to provide for certain new matters arising from the development of co-operative banks formed for financing primary societies and include the land mortgage bank within its scope and to bring it abreast of the legislation in British India.

The first purely co-operative institution to be organised in the State was the Bangalore City Co-operative Society registered on the 8th December 1905, which was followed by the registration of four more societies, all with limited liability. The Malakalmuru Krishika Sahaya Sangha was the first co-operative society to adopt the unlimited liability basis. Since then an increasingly large number of such societies have been organised. In the beginning the objects of the societies were of a varied nature, and societies started for agricultural, industrial and distributive purposes formed a major portion of the total number.

With the growth in the number of societies the need for a central financing society was soon felt and the Bangalore Central Co-operative Bank was organised as a financing institution which began to issue loans to societies in 1909-10. In the same year the Bangalore City Building Co-operative Society was registered and commenced operations being the first institution of its kind in the State. Uptill 1910-11 the progress had been slow but in the course of the next five years there was rapid development. From 111 societies, with a membership of 9,043 and a working capital of Rs. 3.71 lakhs at the end of 1910-11, the number of societies rose to 800, membership to 64,857 and working capital to Rs. 44.21 lakhs during 1915-16.

The rapid increase particularly in the number of rural credit societies brought to the fore the question of their adequate financing and supervision. To solve this problem a large number of unions were registered during 1913-14 and they were entrusted with both financing and supervising the affiliated societies. As early as 1913-14 the Government pointed out that the development of the movement was confined mainly to the provision of credit facilities and that it was necessary to divert attention to the organisation of societies for trade and simple industries. It was also pointed out that the progress of the movement had not been uniform in all the districts and that it had not made much headway in certain districts, viz., Mysore, Shimoga, Chitaldrug. Therefore between 1915-22 special attention was paid to the development of non-credit co-operation.

The departmental staff was not able to cope up with the increased volume of work and hence the department was reorganised in 1916-17 with an increased number of inspectors and Honorary Supervisors. The Mysore Provincial Co-operative Bank was organised in November 1915 with the object not only of financing primary societies and supervising their working but also of making satisfactory arrangements for co-operative propaganda in the State. During the period of the War the Movement received a set back due to the general tightness of the money market, the abnormal rise in the prices of food stuffs and added to this the adverse seasonal conditions in the Maidan Districts. Hence the department concentrated on the work of consolidation and rectification of existing societies in the period immediately preceding the appointment of the Lallubhai Samaldas Committee which concluded its labours in 1921-22. In 1922-23 the financial condition of the Provincial Bank caused considerable anxiety and in the next year the adverse seasonal conditions hampered seriously the working of primary societies. The department came to the rescue and gave timely assistance to the Provincial Bank with a deposit of the State loan bonds to the extent of Rs. 50,000 and by getting the latter to afford adequate and timely financial assistance to the primary societies.

As a result of the recommendations of the Lallubhai Samaldas Committee, improvements were effected in several directions. Increased attention was paid to the development of non-credit activities and to the organisation of societies in the relatively backward areas.

Towards the close of 1929 the Mysore Land Mortgage Bank was established with the object of relieving the crushing burden of agricultural indebtedness particularly in the Malnad Tracts. The Mysore Provincial Bank was reconstituted as the apex bank for the State and a co-operative institute was established for propaganda work. Government rendered direct financial assistance to the Apex Bank by granting loans for the advancement of agricultural co-operation and for house building purposes.

From the year 1925-26 the Movement began to gain considerable strength, the work of consolidation having been completed. The institute, strengthened by the addition of an influential non-official element, began to function actively. In 1928-1929 a large number of ordinary credit societies expanded their activities and undertook the purchase and distribution of improved agricultural implements, seeds and manure. The outstanding event of the year was the establishment of the land mortgage bank.

The effects of the economic depression and the phenomenal fall in prices, particularly of agricultural commodities, manifested themselves in 1929-30. Thus the progress of the movement was arrested in all directions and the department had to resume again the policy of consolidation and rectification. The membership of societies which had been steadily increasing year after year since the inception of the movement fell during 1934-35 due to the removal of persistent share and loan defaulters. In 1935 the Government appointed a Committee, presided over by Sri K. S. Chandrasekhara Ayyar, which reviewed the whole position and made recommendations on all the aspects of Co-operative Movement in the State.

The statement appended to this section shows the progress of the movement from 1905-06. To sum up, while co-operation has firmly established itself and assumed fairly large proportions, it has still much headway to make. Besides the rural credit societies, the State has achieved considerable progress in organising and successfully running urban banks, land mortgage banks, and consumers' stores. In common with other parts of India the Movement has been passing through a critical period in Mysore and due to the efforts being concentrated on improving the working and management of existing societies, on the speeding up of recoveries, the reduction of overdues and the scrutiny of loans, some improvement is seen in the past two or three years.

Progress of the Co-operative Movement in Mysore, 1905-1940.

Year	Number of societies of all kinds	Individual members	Central Financing Institutions	Total working capital Rs.	Actual working capital excluding investments in other societies. Rs.	Reserve Fund Rs.
1905-06	5	362	..	14,243	14,243	..
1906-07	15	1,191	..	22,085	28,085	167
1907-08	27	2,521	..	64,126	64,126	924
1908-09	45	4,551	1	1,35,499	1,35,498	2,340
1909-10	70	6,301	1	2,16,261	2,08,519	5,831
1910-11	111	9,043	1	3,71,194	3,37,338	9,549
1911-12	208	13,148	2	6,75,312	6,25,645	18,833
1912-13	343	24,538	4	12,89,338	11,20,872	30,600
1913-14	530	45,479	5	21,47,340	18,50,394	56,239
1914-15	725	56,267	6	30,85,747	25,66,812	96,669
1915-16	800	64,857	18	44,21,688	35,64,234	1,59,626
1916-17	974	74,906	18	57,64,024	43,82,101	2,34,740
1917-18	1,097	81,168	19	65,04,632	52,02,432	3,30,539
1918-19	1,233	84,425	19	79,98,327	56,47,157	4,39,087
1919-20	1,402	92,679	18	78,00,100	64,76,120	5,79,435
1920-21	1,500	92,121	19	78,19,503	65,83,082	6,93,407
1921-22	1,522	96,912	19	81,97,280	69,31,714	8,49,532
1922-23	1,541	95,315	19	84,09,478	72,18,926	10,16,357
1923-24	1,487	92,203	18	87,44,945	75,76,800	11,84,902
1924-25	1,474	91,602	18	92,21,614	81,58,002	12,95,652
1925-26	1,603	95,292	17	98,65,731	87,88,588	15,74,852
1926-27	1,748	98,933	17	1,12,38,937	97,40,368	17,56,803
1927-28	1,866	1,07,223	17	1,31,00,000	1,12,72,612	19,12,000
1928-29	1,962	1,16,586	16	1,52,37,208	1,32,32,680	19,93,250
1929-30	2,102	1,26,491	16	1,69,24,766	1,41,51,051	21,32,744
1930-31	2,213	1,37,615	16	1,89,32,429	1,57,23,565	22,78,352
1931-32	2,181	1,42,715	14	2,03,77,661	1,67,98,916	24,50,164
1932-33	2,180	1,44,481	14	2,23,09,565	1,83,84,642	25,40,458
1933-34	2,088	1,46,557	13	2,17,60,461	1,81,59,416	27,74,208
1934-35	1,988	1,44,898	13	2,31,65,200	1,96,23,954	29,73,615
1935-36	1,906	1,44,459	13	2,36,05,371	....	31,26,687
1936-37	1,862	1,46,163	13	2,40,29,317	....	32,35,061
1937-38	1,893	1,39,609	13	2,58,47,531	....	33,81,910
1938-39	1,899	1,40,077	10	2,63,10,758	....	35,21,168
1939-40	1,895	1,42,934	10	2,64,19,210	....	36,58,978

CO-OPERATIVE FINANCE

A. RURAL CREDIT SOCIETIES

The predominance of credit societies in rural areas is not peculiar to Mysore. Just as in other parts of India the original object of the movement was to improve the economic condition of the rural population by granting cheap loans on easy terms and free the agriculturists from the clutches of the usurious money lenders. Unfortunately societies were started in the beginning without any reference to the local conditions and advances were made indiscriminately without due regard being paid to the repaying capacity of members. This resulted in the piling up heavy overdues and consequently the Government had to adopt a policy of consolidation of existing societies and cautious and slow expansion of new societies. The following table shows the growth in the number of agricultural credit societies:—

Year.	Number of Societies.	Year.	Number of Societies.
1914-15	.. 661	1935-36	.. 1,370
1924-25	.. 1,474	1936-37	.. 1,337
1934-35	.. 1,455	1939-40	.. 1,311

The distribution of agricultural societies in the State has been uneven and even now the Co-operative Movement has not penetrated into the Malnad Area and the dry cotton-growing districts of Chitaldrug. The number of societies and their membership which increased steadily since the inauguration of the movement showed a tendency to fall off since 1934-35. This was due to the weeding out of persistent share and loan defaulters. The effects of the economic depression and the consequent steep fall in prices affected a larger percentage of rural credit societies and in many cases the repaying capacity of the members completely disappeared. There has been a severe contraction in the grant of loans the fall being from Rs. 20·86 lakhs in 1929-30 to Rs. 7·30 lakhs in 1939-40. The percentage of overdues to demand stood at nearly 60.

B. CENTRAL BANKS

The earlier societies, which were mostly of the non-agricultural credit type, were able to raise their own funds and hence the need for a central financing institution was not felt in Mysore till 1908 when the Bangalore Central Co-operative Bank was started as the first institution for financing primary agricultural credit societies which had by then grown in number. It was not a central bank in the technical sense, for it financed individuals also. Then were started the Federal Banking Unions in or about 1913 for financing affiliated societies and for general supervision and propaganda. With a limited area

of operations and paucity of funds they could not satisfactorily fulfil their purpose. In 1915, the Registrar recommended that Government should make advances to these institutions to enable them to finance primary societies. But the latter turned down the proposal. Hence the federal banking unions languished for some time. However, in 1918, Government regretted that sufficient attention was not being paid to developing the work of the Unions, and observed that wherever possible they might be converted into district banks. In 1924, they ordered that the federal banking unions (eleven in number) might be wound up, and that attempts should be made to improve the working of the district central banks. There is now only one federal union in the whole State, viz., that in Mysore City. The district banks number five. Their work too, has not been found to be satisfactory. They came into existence in about 1919 and steps are being taken to wind them up.

C. APEX BANK

The Mysore Provincial Co-operative Apex Bank was started on the 10th November, 1915. The Bangalore Central Co-operative Bank which had been started earlier in 1908 had also jurisdiction over the whole of Mysore State and was functioning as a central financing institution. Thus the existence of two financing banks with co-extensive jurisdiction over the whole State led to mutual friction. To avoid this, the Government passed various orders for equal distribution of work and then for territorial distribution. But these devices proved of no avail. The Committee presided over by Sir Lallubhai Samaldas in 1921-22 recommended the adoption of one of three courses: (1) amalgamation of the two banks; (2) the creation of a new Apex Bank, and (3) the conversion of the Central Bank into an Urban Bank dealing only with individuals and the reconstruction of the Provincial Bank as a new Apex Bank. As the Central Bank was opposed to amalgamation and resolved to convert itself into an urban bank dealing only with individuals, Government in 1925 passed orders that the Provincial Bank may be converted into an Apex Bank. The Apex Bank is now practically the sole financing agency for primary societies.

Constitution and Management.—The Bank has got preferential share-holders, who are individuals who cannot borrow otherwise than on the security of their own funds in the Bank and ordinary share-holders which are co-operative societies. In the very first year it had as its members 504 individuals and 308 co-operative societies out of a total of 800 for the whole State. At the end of the year 1939-40, the Bank had 1,063 society members.

The Board of Directors has been re-constituted in 1936 and it now consists of 15 members of whom one is the President elected annually subject to the approval of the Government. The latter nominates 2 members, and of the remaining 12, two seats are for the pre-

ferential share-holders, five for urban societies and five for the rural ones. The directors are elected by the share-holders of the respective classes only. The chief executive officer of the Bank is the Secretary, a whole-time salaried officer.

Objects.—At first the Bank was intended to be not only a financing centre but also an institution for supervision, inspection, audit and education. For some time it conducted conferences with the assistance of the department, published pamphlets and bulletins and also inspected societies. But ever since the establishment of the Institute, it has not undertaken any of these functions except inspection and the by-laws have been so amended later on as to omit these items from the objects of the Bank.

Resources.—The resources of the Bank consist mainly of share capital, deposits and the borrowings and reserves, the chief source, however, being deposits.

Share Capital.—The Bank has an authorised share capital of Rs. 7 lakhs divided into 1,500 preference shares and 5,500 ordinary shares of Rs. 100 each. At the end of the year 1939-40, the subscribed share capital of the Bank was Rs. 3,81,100 and the paid up capital Rs. 2,49,060.

Deposits.—The deposits have risen from Rs. 1,25,500 in 1915-16 to Rs. 23,31,413 at the end of the year 1939-40. The Bank is now receiving fixed deposits at 2½ per cent for 12 months and above, 3 per cent for 36 months and above, 3½ per cent for 60 months and above and 4 per cent for 120 months and above.

On 30th June, 1940, the fixed deposits amounted to Rs. 20,07,953. Besides fixed deposits, the Bank has opened current accounts for individuals and societies on which interest at 1 per cent per annum is allowed on the monthly minimum balances. The savings deposits of the Bank are of a cumulative character running from 3 to 7 years and are not withdrawable until the period specified expires. Thrift certificates at moderate prices are issued. On the 30th June, 1940, the savings deposits amounted to Rs. 49,473, and the thrift certificates to Rs. 21,639.

The Bank collects bills, hundies and other commercial paper for its constituents. In the year 1939-40, the Bank handled 6,132 bills of the value of Rs. 6,29,536. The Bank also collects interest and dividends on Government and other securities and salary and pension bills of public servants. Government, who were once against advances being made to non-member depositors on the security of their deposits, have now accorded sanction to the same. They have also authorised investment in the Apex Bank of the funds of the local bodies, *Muzrai* and trust institutions in the State. The Bank

has overdraft arrangements with the Bank of Mysore on the pledge of Government Paper. At the end of 1939-40 the overdraft with the latter stood at Rs. 3,26,044.

Reserves.—The Reserve Fund, no portion of which can be utilised without the permission of the Registrar, comes to Rs. 1,77,614. The other funds namely the Bad-debts Fund, Dividend Equalisation Fund and Common Good Fund amounted to Rs. 8,894 on 30th June, 1940.

Apart from these Government have sanctioned a cash credit of Rs. 5 lakhs to the Bank at $4\frac{1}{2}$ per cent and the latter has availed itself of this by drawing Rs. 2,00,000 some months ago but repaid the same in a short period. It has been obtaining help from Government in varying degrees from the beginning. Soon after the Bank was started Government sanctioned a cash-credit of 1 lakh of rupees. The Bank has been recognised as the sole agency for utilising Government grants for the development of agricultural co-operation and house-building activities in the State. Further it agreed to advance a sum of Rs. $1\frac{1}{2}$ lakhs at $4\frac{1}{2}$ per cent interest for financing house building societies in the State and Rs. 15,000 for financing agricultural societies for purchasing seeds, manure and implements for their members. Government have also recently waived, in respect of the loans for house building societies, the condition that it should be exclusively used for the purpose referred to.

In common with the other Provincial Banks, this Bank has gone through a period of depression especially as the loans in the earlier stages of working had been only or mainly to rural societies. With the fall in prices of agricultural commodities the debts were all frozen and a great deal of effort had to be made to liquefy the same. The Bank's efforts are attended with success, thanks to the vigorous and timely steps taken in certain cases and to the improvement in the prices of agricultural and other commodities.

The grant of loans during the last quinquennium has been confined mostly to the house building societies with a few exceptions. On 30th June, 1940, the loans due to the Bank amounted to Rs. 22,41,569 and other assets amounted to about Rs. 13 lakhs.

The majority of the Urban Societies are working more or less independently of the Apex Bank, and it may take a considerable time for the present Apex Bank to serve as the balancing centre or clearing house. Of the 1,895 societies, 1,063 are affiliated and 381 are indebted to the Bank.

The following table shows the progress of the Apex Bank from 1929-30 :—

Year.	Number of Members (Societies only).	Fixed Deposits.	Loans issued to societies.	Loans recovered.	Balance of loans due.	Percentage of overdues to demand.	Total working capital.	Total working capital of the movement.	Deposits of societies in the Bank.	Net Profits.
		Rs. Lakhs.	Rs. Lakhs.	Rs. Lakhs.	Rs. Lakhs.		Rs. Lakhs.	Rs. Lakhs.	Rs. Lakhs.	Rs.
1929-30	863	24.93	8.35	2.39	23.11	54.9	27.86	169.25	2.52	48,405
1930-31	922	29.13	7.71	4.46	26.36	60.4	33.54	189.32	3.73	41,526
1931-32	954	35.12	1.75	1.90	26.21	86.8	39.85	203.77	6.40	20,843
1932-33	964	37.55	1.76	2.08	25.88	87.4	42.43	223.09	8.20	21,764
1933-34	975	35.63	1.08	2.42	24.55	88.5	36.87	217.60	8.13	20,885
1934-35	976	33.15	.98	2.35	23.17	81.0	37.58	231.05	7.89	14,546
1935-36	988	31.68	1.36	1.64	22.89	89.4	38.18	235.05	4.34	5,023
1936-37	985	31.98	1.81	2.49	22.21	74.6	37.69	240.29	5.43	4,982
1937-38	1001	29.24	1.76	1.71	22.26	77.9	34.97	258.47	5.50	54
1938-39	1024	25.29	1.98	1.69	22.55	79.1	31.01	263.10	5.39	14,641
1939-40	1063	23.21	2.13	2.12	22.41	77.1	31.02	264.19	5.19	34,213

The Bank has maintained steady progress till the world economic depression affected it adversely since 1931. It has not attracted much of the spare funds of the movement; though the working capital of the movement has been, for the past many years, far above Rs. 2 crores, the deposits of the societies in the Bank never went above Rs. 8.20 lakhs and have indeed been declining year by year. The deposits, which in the year 1932-33 reached the highest figure of Rs. 37.55 lakhs have gradually been reduced, year by year to Rs. 23.21 lakhs in 1939-40; or in other words, they fell by about Rs. 14.34 lakhs within the period of nine years. The Bank which followed from the beginning the policy of considering accrued interest as profits, has decided from 1937-38 to take into account only the interest actually recovered. Naturally there was a fall in the net profit realised during the transition period, though from the year 1938-39 the balance is being regained.

D. LAND MORTGAGE BANKS

History of the Land Mortgage Bank Scheme.—The need for the establishment of separate land mortgage institutions in Mysore to relieve the agriculturists, particularly in the Malnad, of their heavy indebtedness had been pressed on the attention of Government from time to time by the Economic Conference and other prominent public workers. In 1923, the Co-operative Committee framed a detailed scheme for the organisation of a land mortgage bank on co-operative lines with the object of advancing adequate funds to bonafide land-owners, at first directly and later on through special societies formed for the purpose. Subsequently in 1925 the Malnad Improvement Committee recommended that separate land mortgage banks should be organised one for each of the Malnad Districts. The Government, however, moved very cautiously in the matter and appointed another committee of officials and non-officials in 1927 to survey the whole position. This Committee recommended the establishment of a Central Institution for providing long-term credit to agriculturists. Accordingly the Government finally sanctioned, by their Order dated 10th April, 1928, the establishment of a land mortgage bank as a Provincial Institution independent of the Provincial Bank and other co-operative institutions.

The Mysore Central Co-operative Land Mortgage Bank.—The Bank was registered on 25th November, 1929, with jurisdiction over four taluks in the first instance. At present, the jurisdiction of the Bank extends over fifty taluks and three sub-taluks and there are fifty-one land mortgage societies serving these taluks and sub-taluks, forty-nine of them being affiliated to the Bank. The Bank has an authorised share capital of Rs. 5 lakhs made up of 10,000 shares of rupees fifty each. At the end of the year 1939-40 there were 207 members having 2,198 fully paid-up shares. It is authorised to receive deposits, but as the primary activity of the Bank is to advance long-term loans it is not receiving deposits. Members may be agriculturists or non-agriculturists.

The Bank raises its funds for grant of long term loans by issue of debentures which are guaranteed both for principal and interest by Government. It is authorised to issue debentures up to Rs. 20 lakhs having currency not exceeding 30 years. The bonds are liable to be redeemed or repurchased at the option of the Bank after a period of 10 years from the date of issue. So far, five series of debentures have been raised, the 1st series carrying interest at 5 per cent, 2nd series at 4½ per cent, 3rd series at 4 per cent, 4th and 5th series at 3½ per cent. The total amount raised by the issue of debentures up to the end of 1939-40 was Rs. 10.92 lakhs and bonds worth Rs. 1,32,700 have been recently redeemed. The Comptroller to Government is the Trustee with whom the debenture funds are deposited to be drawn as and when required.

Two kinds of loans are being issued by the Bank, and now only through the affiliated land mortgage societies: (1) long-term loans

for liquidation of prior debts, and (2) short-term loans out of the funds of the Bank, to grantees of long-term loans, for current agricultural operations. Long-term loans are spread over a period of 15 to 25 years, the minimum and maximum amounts being Rs. 300 and Rs. 5,000 respectively. Short-term loans are repayable in 12 months, or 18 months in special cases, as may be prescribed in each case.

The rate of interest charged on long-term loans is 6 per cent to the land mortgage societies and 7 per cent by the latter to the ultimate borrowers. From the profits of the Bank, rebates are sanctioned to members who promptly pay up their loan instalments. During the year 1939-40, a rebate of 1 per cent was sanctioned, the total amount involved being Rs. 9,500. The rate of interest charged on short term loans is at present the same as that on long term loans.

The total amount of long term loans issued up to the end of 1939-40 was Rs. 12.6 lakhs out of which loans to the extent of Rs. 1.29 lakhs had been recovered. The percentage of collections during 1939-40 was 97.46.

Government have sanctioned, at their cost, an Assistant Registrar and Special Inspectors of Co-operative Societies solely for land mortgage work. There are at present 12 such inspectors. They inspect the societies, supervise their work and investigate loan applications and help in the collection of instalments.

The administration of the affairs of the Bank is generally entrusted to a Board of Directors consisting of 18 members. The President and one member is nominated by Government. Two more members are also selected by Government to represent debenture-holders. The remaining 14 are elected at a general meeting of members and out of these, nine members represent the primary land mortgage societies. The entire administration of the Bank, subject to the control and the delegation of the Board, rests in an Executive Committee of five members.

The appointment of the secretary is subject to the approval of Government and since 1935 the services of a Government officer are lent for the post.

E. URBAN CREDIT SOCIETIES

The co-operative movement in Mysore State is stronger in respect of urban credit than of rural credit. Though outnumbered by the agricultural societies, nearly four times in 1939-40, urban credit societies approach the former as regards membership which was 54,047, the agricultural societies having 58,344 members, and surpass them very much in their working capital which was Rs. 132.25 lakhs as against Rs. 50.38 lakhs in the agricultural credit societies. Most of the rich societies in the State are situated in the cities of Bangalore and Mysore. The total membership and working capital of the societies in these two districts alone stood at 33,538 and Rs. 103.74 lakhs during 1939-40.

The course of Urban Co-operative Credit in Mysore has been one of steady progress from the very beginning. There were periods when the rate of progress was more rapid than in others. Between 1910-11 and 1917-18 the membership and working capital rose from 2,812 to 23,825 and Rs. 0.96 lakhs to Rs. 21.66 lakhs respectively. Similarly between 1926-27 to 1937-38 there was another period of rapid progress. The membership rose from 31,857 to 54,397 and working capital from Rs. 49.70 lakhs to Rs. 104.52 lakhs. Though there has been no improvement in membership since 1937-38, the working capital has risen to Rs. 132.25 lakhs in 1939-40.

The societies that were started in the early days of the movement in urban areas were mainly of the credit type. They adopted either limited or unlimited liability as the basis though the latter was practically confined to communal or artisans' societies. Later on, unlimited liability was discouraged in urban areas with the result that many societies that were started on unlimited liability basis changed themselves into limited ones. The urban societies on the limited liability never numbered more than 24, and of the present 17 societies, the majority are practically defunct.

Unlike the British Indian Act of 1904, the Mysore Co-operative Regulation of 1905 permitted the formation of societies for purposes other than credit, and a credit society was permitted to undertake the sale of domestic requirements as well as the supply of seeds and agricultural implements. More than a dozen urban credit societies have even now a store section attached to them and their total sales form nearly three-fourths of the total for all the consumers' societies in the State.

The credit societies comprise the officials' co-operative societies, ladies' co-operative societies, communal societies, etc. Housing societies are also included in this category in the official statistics. The ordinary urban societies however outnumber the total of these special varieties.

The urban societies confine their transaction generally to the limits of a town or city or part of a city. In the case of societies located in the mofussil it is usual to find the jurisdiction extended to the villages near the central town. The only exception to this general rule is the Central Co-operative Bank of Bangalore started originally with jurisdiction extending to the whole State and with the object of financing primary societies in the State. It has been converted now into an urban credit society, the jurisdiction remaining the same but with a restriction to lend only to its individual members.

The City Co-operative Bank, Bangalore is the biggest in respect of capital which stood at Rs. 22.86 lakhs and volume of business which was Rs. 64.86 lakhs though not in membership which was only 2,436. Barring housing societies which borrow largely from the apex bank for long periods, they transact business with the capital raised by them.

Fixed, current and savings deposits are common. A form of thrift deposit called provident fund is popular in many societies as it yields at maturity a large bonus to the depositor who contributes for three, five or seven years, a rupee or multiples thereof each month. Operation of current accounts by means of cheques is expanding.

Loans are issued on tangible or personal securities. Though a few of the bigger and some ladies' societies issue loans on the pledge of gold and silver, immoveable property is the most common form of security. As membership is not homogeneous and as there is lack of mutual knowledge, personal security has proved somewhat unsafe. Hypothecation loans are advanced upto Rs. 10,000 though the Central Bank, Bangalore, fixes no limit to the amounts advanced so long as they bear a fixed proportion to the security offered. In the earlier days the interest ranged from 9 to 12½ per cent. Now it varies from 6¼ to 9 per cent in most of the societies.

Of late certain reforms have been effected. The facility that was available to a person to be a member of more than one credit society has been withdrawn as it led to the abuse of the privilege and loss to societies. In the case of societies in District Head Quarters one-third of the members of the managing committee are ineligible for election to the next committee. The right that societies with more than Rs. 5,000 of working capital had enjoyed of electing auditors by the vote of the General Body has been taken away. The Registrar has been given the power to suspend the committee for one or two years and appoint sole directors in their place. Some of these restrictions have evoked strong protests from urban co-operators.

The biggest among the Employees' Societies is the Railway Co-operative Society in Mysore, with a membership of 761, working capital of Rs. 2.25 lakhs and turn over of Rs. 9.35 lakhs. There are 9 ladies' societies with a total membership of 673 and working capital of Rs. 19,690. The biggest of them is the Aryabhaginiyara Society of Mysore with 274 members and a working capital of Rs. 7,628.

Among the societies confined to particular trades, the Grain Merchants' Bank of Bangalore is the biggest. Though its membership is only 425 and working capital Rs. 7.68 lakhs the annual turnover of business exceeds two crores of rupees. In 1938-39 it was Rs. 203.9 lakhs. The milkmen of Bangalore have formed a credit society which, in addition to the ordinary business, undertook for a couple of years the supply of milk to the hospitals in Bangalore.

Communal Societies.—There are about twenty Muslim and twenty Vaisya Co-operative societies in the State. The latter are more progressive than the former. The Muslim Co-operative Society of Mysore is the biggest among that class with 1,193 members, a working capital of Rs. 84,280 and a turn-over of Rs. 4 lakhs. The Vaisya Co-operative Bank, Bangalore, the biggest of the societies for that community has 536 members with a working capital of Rs. 1.79 lakhs and a turn over of Rs. 20.30

lakhs. The co-operative societies for the community hold an annual conference of their own. Each one of them has amongst its objects the building up of a charity fund of Rs. 1,000, the interest thereon being utilised to give scholarships to students of the community. A few that have been able to accumulate the amount are giving scholarships.

Many of the bigger societies possess their own buildings and maintain free reading rooms. In commemoration of their Silver Jubilee the Mysore Co-operative Society and the City Co-operative Bank, Mysore, distribute annually more than Rs. 1,500 each in the shape of scholarships to the children of their members.

CONSUMERS' STORES

The consumers' movement has made appreciable progress in the State, chiefly in the cities of Mysore and Bangalore. Taking advantage of the provision in the Co-operative Societies' Regulation of 1905 which authorised societies to undertake transactions other than credit, some urban credit societies in the State undertook also the sale of domestic requirements of their members. The City Co-operative Society, Bangalore, the first society in the State, was of this type. It is a combined credit and stores society ever since 1905 and has a business turnover of about Rs. 1.75 lakhs annually, in its trades' section.

Even as early as 1911-12 there were 13 stores societies in the State. Till 1915-16 their progress was not conspicuous. Though their number was slowly increased year after year till it reached 21 in 1915-16, their total annual sales ranged only between 1.50 and 1.75 lakhs of rupees. After the cessation of the last War in 1918-19, as a consequence of the abnormal rise in the prices of articles, stores societies developed rapidly till 1923-24. The Government, which during one or two years in the interval undertook the import and distribution of rice to the people, utilised the services of co-operative stores for the purpose of distribution. More than 60,000 bags of rice, supplied by the Government in this way were sold in 1919-20. Thus the sales which shot up from Rs. 2.95 lakhs in 1917-18 to Rs. 5.72 lakhs in 1918-19 suddenly rose to Rs. 11.95 lakhs in 1919-20. The following table shows that the stores movement developed very rapidly during the period 1918 to 24.

Year		Number of societies	Sales (in lakhs of Rs.)
1918-19	..	36	5.72
1919-20	..	60	11.96
1920-21	..	75	7.96
1921-22	..	80	9.98
1922-23	..	83	8.98
1923-24	..	82	10.70

In 1924-25 the number of societies and the volume of sales fell to 63 and Rs. 6.48 lakhs respectively. But from the very next year there was a revival and since then we observe a steady though not a phenomenal increase both in sales and membership. But the number of societies have practically remained stationary. In 1939-40 there were 72 stores societies in the State with a total membership of 16,867 and sales to the extent of Rs. 16.19 lakhs. The present war has given a stimulus to the development of stores societies and it is expected that the sales may go up even to Rs. 20 lakhs in 1940-41.

The progress of the Stores Movement since 1918-19 stimulated the formation of a whole-sale stores in Bangalore. "A central stores was organised towards the close of the year 1920-21 with the object of purchasing goods at wholesale rates and distributing them to the primary stores in the State". In 1921-22 the Central Stores had 16 co-operative societies and 34 individuals as members and effected sales to the value of Rs. 1.25 lakhs. For various reasons the Central Stores soon declined and was ultimately liquidated causing loss to its members. An attempt was again made in 1937 to form a central stores society but this did not materialise as the effect of the earlier failure acted as a discouraging factor.

The stores movement in Mysore has not adopted the Rochdale principle of sales for cash only. The credit sales greatly exceed the cash sales. But the quantity of goods sold to a member on credit is generally fixed at a certain percentage of the paid up share amount or other assets of the member. Though the losses due to credit sales may on the whole be said to be negligible, losses do occur now and then on this score. Cash sales are generally allowed in the case of non-members also. Prices are generally kept at the market rates though variations do occur now and then. Most of the stores societies that have pretty heavy sales are situated in the city of Bangalore. Eight of them together account for about two-thirds of the sales of the whole State. There are three stores in the Mysore City. Of the rest the one at Bhadravathi is the biggest and the best.

These societies generally deal both in provisions and cloth, though there are a few which have confined themselves to piece-goods alone. A special feature has been the formation of societies for the exclusive sale of Khadi. The Khadder Co-operative Society in the city of Mysore is the biggest of them; its sales once rose to Rs. 48,000 though now the average annual sales amount to Rs. 10,000. Many students' societies flourished in the early stages but most of them have now been wound up. There were nine students' stores in 1939-40 which sold stationery and books to the extent of Rs. 8,741. The Bangalore Engineering College Society is the best among them.

There are a few stores for industrial workers. They are: the Mysore Mills Society; the Minerva Mill Society and the Bhadravathi Co-operative Society. Some stores have also been organised by the Military department the important among them being the Imperial

Lancers Society and the Mysore Infantry Society at Bangalore. The Railway Co-operative Society which had also a stores section dropped that line of business a few years back.

Production and service, though to a limited extent, are undertaken in some stores. Corn is ground into flour in the Bhadravathi Society. They manage a mess also. The Malleswaram Co-operative Society and the Chamarajpuram Co-operative Stores, Mysore have their own mills situated in their premises to press sweet oil.

Originally the area of operations of each stores was confined to a single locality. But in the past 10 years the opening of branches has become a noticeable feature. The Bhadravathi Society, the Malleswaram Society, the City Co-operative Society, Bangalore and the Basavangudi Society have each one or more branches. The Chamarajpuram Co-operative Stores in Mysore has six branches with a total membership exceeding 2,600 and sales amounting to Rs. 2.20 lakhs of rupees.

Barring a few, most of the stores societies have banking sections. The running of stores is very expensive requiring employment of a larger number of hands, due to the credit system of purchases and sales. As the purchases made by the societies are generally small in quantity, the margin of profits is low. Many of the stores are therefore unable to make both ends meet unless their sales go up to a lakh of rupees or more annually.

The management is amateurish. The Government rules, which are made more for credit societies are made applicable to the stores societies also. For example the reserve fund is fixed at 25 per cent of the net profit and the interest payable on shares can be distributed only after appropriating to the reserve fund the prescribed amount. These rules require modification if the stores societies are to expand on a large scale.

PURCHASE AND SALE SOCIETIES

CO-OPERATIVE MARKETING

Stray attempts have been made in Mysore to develop co-operative marketing by organising purchase and sale societies. There are at present twelve marketing societies working in the State.

The Ganjam Fig Marketing Co-operative Society sold 80,697 fruits during the year for Rs. 3,953 and earned a gross profit of Rs. 765. It has enabled its members to secure better prices for the figs grown by them. Three thousand and seventy-seven candies of paddy were stocked by the Mysore Central Paddy Co-operative Society, on the security of which the society advanced loans aggregating Rs. 12,877. The Society also got 3,385 candies of paddy milled and sold rice of the value of Rs. 30,498. It is reported that the members derived a profit of one

rupee per candy by holding over the stocks and selling at favourable rates. The Hiriya Agriculturalists' Marketing Society (Plantain-growers' Society), in spite of its appreciable working during the year has been handicapped for want of facilities for transport and uncertainty of proper market. The Doddaballapur Poultry Co-operative Club purchased and sold 2,600 eggs during the two months of its working and realised a net profit of Rs. 50. It appears to have a bright future. The Ramagondanahalli Potato Growers' Co-operative Society in Bangalore Taluk has been striving its best to further its activities. The Malnad Fruits Marketing Society located at Thalalur in Belur Taluk commenced its operations at the tail end of the last orange season during 1940. It sold 1,44,213 fruits. The question of the preparation of orange juice from fruits is also under the consideration of the Society. The Nuggehalli Coconut Marketing Co-operative Society collected 1,000 cocoanuts and 4,000 dry cocoanuts, having been organised late in the year. The Saklespur Bee-keepers' Co-operative Society collected 6,000 lbs of honey from its members and others. An official attached to the Department of Agriculture is working as its secretary and five bee propagandists of the same department are its collecting agents. The Achanahalli Cardamom Co-operative Society of Saklespur received 397 maunds of cardamom from its members for sale and sold 384 maunds for Rs. 17,327. Though its transactions showed an improvement over those of the previous year, it sustained a loss of Rs. 1,179 during the year as it paid away all the arrears due to the apex bank. The Malnad Areca Marketing Co-operative Society of Shimoga, which was organised after a great deal of preliminary investigation with the jurisdiction over the districts of Shimoga and Kadur made rapid progress. Five-hundred and forty-eight members lodged for sale 26,035 maunds of areca with the society. In order to enable it to grant advances to members on the areca lodged with the society, the society secured a cash credit of Rs. 1 lakh from the Apex Bank. The Department of Agriculture has sold anti-collerage materials to the members of the Society to the extent of Rs. 12,000. The Society sold during the year, 8,054 maunds of areca value at Rs. 64,432. An agency for the sale of the society's areca was also opened at Bellary, an important market for the Malnad areca.

The Government of Mysore have recently formed a Marketing Department under the guidance and control of a Chief Marketing Officer. He is also appointed the Joint Registrar in respect of co-operative marketing societies. The organisation of a Provincial Marketing Society at Bangalore mainly with a view to co-ordinate the activities of the several marketing institutions in the State is also under active consideration. Provision has been made in the budget for the year 1941-42 for a grant of Rs. 2,000 for the purpose. Further the proposal to bring the consumers' co-operatives into closer touch with the producers' and marketing societies is receiving serious consideration of both the Co-operators and the Government. It is hoped that with the linking up of production with marketing, there will be a marked improvement in the economic condition of the agriculturists.

SPECIAL TYPES OF SOCIETIES

As already mentioned the State of Mysore has not made appreciable progress in developing special types of non-credit societies. An experiment was made in organising grain banks. But this proved a failure as they were not the outcome of any popular demand but owed their existence to the enthusiasm of a few officers. Most of the banks are now defunct and the Government have decided to wind them. The women's societies of which there are not many, are also dwindling.

Handloom weaving is an important cottage industry in the State affording occupation to about 35,000 weavers and their families. But still the co-operative movement has not been able to succeed among that class and the few societies that had been started are in a decaying position. They could not discharge efficiently even the function of advancing small loans to weaver members.

Housing Societies.—The housing societies numbered 28 during 1939-40 with 3,735 members on the whole and possess Rs. 11·28 lakhs of working capital. They generally advance long term loans at a lower rate of interest to enable members to build houses of their own. The biggest of them is the Bangalore Housing Society with a membership of 848 and working capital of Rs. 3·69 lakhs. This one and the Mysore Housing Co-operative Society have latterly built houses on sites bought by them and either sold them outright to the members or let them out on hire-purchase system.

THE MYSORE CO-OPERATIVE INSTITUTE

Before 1924 co-operative propaganda was included among the several objects of the Mysore Provincial Co-operative Bank. Experience revealed the necessity of organising a separate body for the purpose. The joint efforts of the Registrar of Co-operative Societies and the non-official co-operators resulted in the registration of the Mysore Co-operative Propagandist Institute (the word "Propagandist" is since dropped) in September 1924. After its inception, the Institute shouldered the responsibility of conducting the Mysore Provincial Co-operative Conference every year during Dasara at Mysore. It also commenced to publish the Mysore Co-operative Journal in Kannada. These continue to be the chief activities of the Institute.

The Institute has 83 associate members and 183 affiliated societies on its roll of membership. Each associate member pays Re. 1 and affiliated society Rs. 3 in the shape of annual membership subscription. The latter enjoys the privilege of the free supply of the *Mysore Co-operative Journal*. The Journal is now run as an Anglo-Kannada monthly. The editing of the Journal is supervised by an Editorial Board and the Assistant Secretary of the Institute is the ex-officio Editor of the Journal. Articles of local and general interest bearing on co-operation and other allied topics, news and notes, reviews of reports

of administration of co-operative societies, Government Orders and departmental circulars are generally published in it. It stands on the exchange list of Mysore Government publication. It also gets in exchange newspapers and journals both local and foreign. With the help of these a reading room is run at the office of the Institute.

Next in importance is the Mysore Provincial Co-operative Conference which is an annual feature. The constituents of the Conference are delegates from co-operative societies in the State. The number of delegates and the amount of subscription each society is to send are fixed. The Governing body of the Institute, being the Standing Committee of the Conference, selects the propositions that are received from co-operative societies and members of the Institute for being placed before the Conference. The resolutions passed at the Conference are forwarded to the Government, and to the central financing institutions, if necessary, for favourable consideration and necessary action. A brief report of action so taken is tabled at the next sitting for the information of the delegates. The Conference held in 1940 is the twenty-seventh of its kind.

Co-operative training classes are held every year in two centres for a period of three months for the benefit of employees and members of co-operative societies and the general public. The minimum qualification is a pass in the S.S.L.C. examination. The mofussil students are provided with free lodging facilities. A few of them are also granted stipends. Besides imparting instruction on various subjects as Principles and Practice of Co-operation, Co-operative Law, Accounts and Banking, and Elements of General Law, practical instruction is given by taking the students to the several types of co-operative societies and arranging educational excursions. The Government of Mysore is pleased to grant every year a sum of Rs. 400 for defraying the expenses of the classes besides the annual subvention of Rs. 750.

The Institute has constructed the Mysore Co-operators' Home at Mysore at a cost of Rs. 22,000 to serve as the centre of co-operative activities. The cost was met from subscription raised from co-operative societies.

Honorary District Propaganda Officers of whom there are seven now are appointed in several districts with a view to spread co-operative knowledge among the public, both rural and urban. They are expected to organise lectures, demonstrations, co-operative training classes and to enlist members to the Institute. The Institute enjoys the privilege of returning a member to the Mysore Representative Assembly to represent the special interests of Co-operation. It submits its views and suggestions to Government on draft notifications issued by them from time to time in respect of Co-operative Societies Act and Rules. It has become a member of the All-India Co-operative Institutes' Association and its representative is on the Standing Committee of the Association. On the model furnished by the International Co-operative Alliance, co-operative flags are got prepared and kept for

sale. The Institute has recently taken necessary steps to maintain a co-operative library.

SUPERVISION, EDUCATION AND AUDIT

In the administration of the co-operative movement in the State, the regulative functions such as audit, supervision and education have demanded the attention of the authorities from the inception of the movement. The systematic audit of the transactions is necessary in order to ensure that the accounts are properly kept and to present to those interested a correct statement of the financial position of the societies. Supervision involves constant administrative assistance in routine work, advice on financial matters, and general guidance both from the business and the co-operative aspects. Education, both general and technical, happens to be the very foundation of a successful co-operative organisation.

SUPERVISION

The work of supervision is mainly confined to the Inspectorate of the Department. No effective non-official agency has so far been successful in undertaking this, though attempts have been made in that direction. The Co-operative Department consists at present of nine officers, including the Registrar and fifty-four Inspectors. The State has been divided into a number of circles, each circle being in charge of an Inspector. There is a special staff for the work connected with the land mortgage societies. The Inspectorate constitutes, especially in the rural areas, the foundation of the efficiency of the working of the societies. The Inspector is expected to organise, supervise, inspect and audit the societies in his circle. He may therefore be rightly considered as the guide, friend and philosopher of the movement.

EDUCATION

One of the serious handicaps to the successful working of the movement in the State has been found to be the general ignorance of the members and the absence of trained men among office-bearers of primary societies. Most of the defects in the working of societies are due to the lack of elementary knowledge on the part of those entrusted with the management. There is thus a great need for persistent propaganda if the movement is to be guided unsullied by the contaminating influences of rival forms of business. In Mysore the need for a proper organisation for giving suitable training to the office-bearers of societies, to the Inspectors and other staff of the Department is a keenly felt want. At present, the Government conduct a local test in co-operation also, a pass in which is considered an essential qualification for employees in the Co-operative Department. Besides this, the Department of Public Instruction has arranged for instruction and examination in Co-operation as one of the subjects in its scheme of commercial educa-

tion. Both these cannot, however, be considered as adequate training for co-operative work. During recent years a scheme of Co-operative Training is being successfully worked by the Co-operative Institute—a non-official body working in the field—as one of its main activities. This training scheme, useful in itself, has to be improved and systematised if it is to become effective. The Co-operative Institute publishes an Anglo-Kannada monthly journal. Simple lessons on co-operation have been included in the text books prescribed for the primary and upper primary classes. Yet, co-operative education and training cannot be considered to have been properly organised in the State.

A scheme for the establishment of a Central Co-operative School at Bangalore has been recommended by the Co-operative Committee of 1936. No decision has yet been reached on this and in the meanwhile, the Departmental Probationary Inspectors are being deputed every year for training to the Madras Central Co-operative Institute.

AUDIT

In Mysore, as elsewhere, audit is a statutory duty of the Registrar. Section 17 of the Co-operative Societies Act lays down that the Registrar "shall audit or cause to be audited by some person authorised by him by general or special order in writing on this behalf the accounts of every registered society once at least every year." This responsibility has been discharged in the past by the adoption of a variety of methods. In the beginning, all the societies were audited by the staff of the Co-operative Department. Later, in a few select areas where federal banking unions had been established, the experiment of de-officialising the audit by transferring that work to these unions was tried for a while. As the experience gained proved to be disappointing, the earlier system was restored in these areas also. For a time, for purposes of audit there was an exclusive staff different from the Inspectors. At present, the work of audit in the case of institutions with a working capital of less than rupees five thousand, is attended to by the departmental inspectorate whose cost is borne by the Government entirely. More than 85 per cent of the societies audited during the year 1939-40 belong to this group.

In respect of the bigger institutions with larger resources, till recently, there was the practice of the audit being arranged by the societies themselves. From out of a panel of qualified auditors approved by the Registrar, the society would elect its auditor and also fix the remuneration. The auditor was thus only indirectly responsible to the Registrar who could exercise his control only periodically at the time of the revision of the list of certified auditors.

This arrangement was not quite satisfactory. The annual election and the determination of the remuneration of the auditor by the General Body curtailed his independence to some extent. His reports could not always be expected to be unbiassed and often the temptation to

gloss over direct references to obvious mistakes under the cover of technical jargon would prove irresistible. The competition among auditors resulted in low bids for remuneration and necessarily such unremunerative work could not but be perfunctory. The law as it then stood did not insist upon the publication of the audit report and under the guise of safeguarding the credit and reputation of the institution, it was quite easy for the management to sit tight upon adverse reports. The machinery for audit could not be considered to be free from defects.

Under the Rules, the Registrar has the right to levy on the societies a contribution for purposes of audit. This right had not so far been exercised by him. An essential qualification of a good audit is that the person who conducts the audit should enjoy complete independence in order to be able to give an unbiassed opinion. In order to enforce this and also to conform to the statutory responsibility of the Registrar namely that the auditor should be a person "authorised" by him "by general or special order", the audit arrangements at present happen to be as follows:—

(a) The control of audit as a whole and the paid staff therefor is with the Registrar.

(b) The accounts of societies having a working capital of rupees five thousand and above are audited through certified auditors authorised by the Registrar.

(c) The Registrar fixes the remuneration of the auditor selected based upon a sliding scale in relation to the transactions of the society, subject to a maximum of Rs. 350. In addition any out-of-pocket expenses incurred in the way of cost of travelling may also be given to the auditor.

(d) The societies concerned have to pay the cost of any additional audit if separately arranged for by them.

The qualified auditors who are selected by the Registrar are allotted to the societies to be audited in a convenient manner. The audit is conducted in conformity with business principles under the Co-operative Law. A form has been prescribed for audit purposes and copies of all reports are to be sent to the Registrar. The law at present insists upon the publication of the audit report along with the statement of accounts. No auditor audits the same institution for more than two years consecutively. There have been a few cases where these auditors nominated by the Registrar furnish to the management their reports every month.

At the time of the introduction of the new arrangement there was naturally a great deal of apprehension about the efficiency of the change. It was feared that the system would lead to friction among the different parties involved. Objection was also taken to the levy of audit fees as in a few cases the scale of audit fees happened to be very much

higher than what they were accustomed to pay so far. But the working of the new system during the past two years has dispelled all fears, however genuinely they might have been felt in the beginning. The Department has worked the system with great sympathy and understanding and the Registrar has used the discretion vested in him altogether in favour of the institutions concerned, ensuring at the same time that the efficiency is in no way impaired. The societies appear to have reconciled themselves to the present system.

*"Thou must be true thyself
If thou the truth would'st teach.
Thy soul must overflow, if thou
Another soul would reach."*

—MORSEL,

Rs. 2,50,000 during this period. It accepts insurance proposals for a minimum amount of Rs. 100 and a maximum of Rs. 5,000. To meet initial deposit the society issued debentures worth Rs. 30,000 at 4 per cent redeemable within a period of 20 years. The expense ratio of the society is limited by its by-laws to 90 per cent of its first years' premium income and 25 per cent of its renewal premium income which is to be reduced to 15 per cent after the expiry of the first 5 years of its working. This is a special feature of co-operative insurance in India.

The Power Pump Irrigation Society.—The continuous failure of rainfall for the last several years had necessitated the provision of irrigating facilities for the salvaging the crops from droughts in this part of Gujarat. Water lifting by bullock-power was found tedious and cumbersome by the agriculturists and a large number of machine pumps were installed by capitalists to trade in irrigation water supply. These traders used to levy such heavy charges to members, that sometimes the value of crops could not square even the watering charges. This led to co-operative effort in this direction. There are about ten such societies registered and working in the State. Government grants loans upto Rs. 5,000 at easy rate of interest on suitable security to these societies.

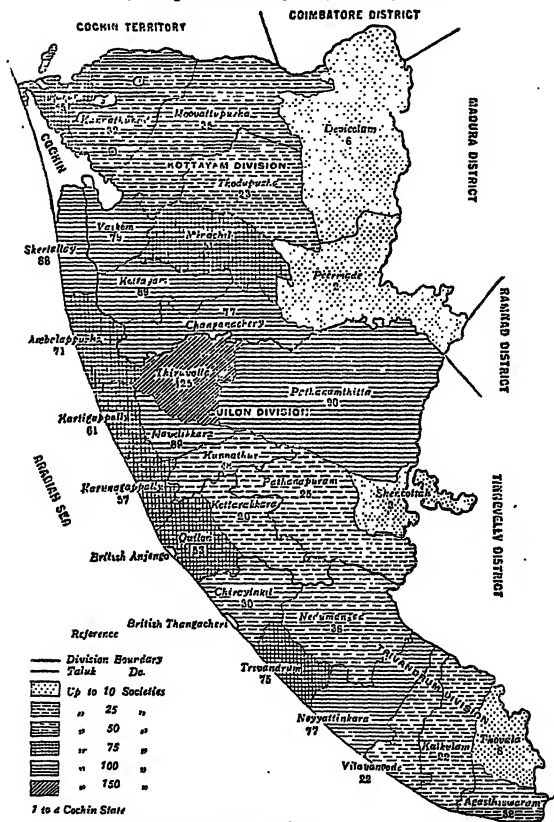
The aims and objects of this society are:—(1) To obtain loans from government to achieve the end in view, (2) to select or dig a well capable enough to supply sufficient water for irrigation to its members, (3) to install machinery and pumps and to supply water as cheaply as possible, (4) to put up or construct channels to carry water to the farthest fields, (5) to arrange the supply of water for irrigation in a way suitable to the members, and (6) to utilise the machine powers profitably when irrigation is not required.

Most of these power pumps worked in 1940-41 and supplied water to 204 members at rates varying from Rs. 0-8-0 to Rs. 1-6-0 an hour. The pumps worked for 9,078 hours and irrigated 642 bighas of lands. These owe Rs. 9,144 to Government at the end of the year. The loans bear interest at 3½ per cent and are to be repaid in ten instalments, no interest being charged for the first two years.

The Taluka Rural Development Association.—With a view to attract rural workers to take interest in beneficial measures introduced by Government and to spread knowledge of these measures in rural areas, certain well meaning officials considered the idea of bringing them together into an association for the purpose of developing the rural areas. Thus the first Taluka development Association was organised in a backward part of the state and registered in 1932. The aims and objects of this association are:—(1) to improve agriculture and animal husbandry, revival of rural industries, and propaganda for consolidation of holdings, (2) to spread the co-operative movement, (3) to improve the working of village panchayats, (4) to create facilities for the education of adults by conducting night schools and encourage physical education and establish libraries and reading rooms, (5) to inculcate sanitary habits in the rural population and thus prevent epidemics and promote health,

X.B.—74

MAP OF TRAVANCORE STATE *Showing Distribution of Co-operative Societies*



TRAVANCORE

General Features.—Travancore stands in the forefront in British as well as Indian India in the matter of literacy and education of the people and is one of the most populous and important of Indian States. Bounded on the north by the State of Cochin and the districts of Coimbatore, on the east by the districts of Madura, Ramnad and Tinnevely, and on the south and west by the Indian Ocean and the Arabian Sea, it forms a triangle with its apex at Cape Comorin. In point of area which is 7,625 sq. miles, it occupies the nineteenth place among Indian States while it comes third in respect of population which is 60,70,700 according to the Census of 1941. The reserved forests of the State comprise nearly one third of the area of the State. It has a warm humid climate without the extremes of heat and cold and the maximum temperature never rises above 90 degrees in shade. The State experiences copious rainfall during the North-east and South-west Monsoons, particularly during the latter. The amount of rainfall reaches even 200 inches a year in some places. The palm-fringed lagoons and evergreen land-scapes present a picturesque and enchanting appearance.

The capital of the State is Trivandrum which is a terminus of the South Indian Railway. The whole State is knit with a net work of roads and canals under a well regulated system of road and water transport. The lagoons serve as cheap and easy means of communication supplementing a length of nearly 5,000 miles of roads. The revenue of the State is Rs. 285.4 lakhs and it pays an annual tribute of Rs. 8 lakhs to the British Government. The Cochin Harbour in the construction of which Travancore took no small part is expected to yield substantial income to the State. In 1940-41 the net receipts from the Harbour amounted to Rs. 17.5 lakhs.

The Maharajah of Travancore* is at the helm of the State Government and virtually he is the source of all authority, judicial, administrative and legislative. The Legislature of the State consists of two Chambers, the Upper and the Lower House, with a majority of elected members. Progressive Reforms were introduced in the State with the assistance and advice of its distinguished Dewan, *Sachivottama* Sir C. P. Ramaswamy Iyer. Among them may be mentioned the epoch

*Ruler: His Highness Sri Padmanabha Dasa Vanchi Pala Sir Bala Rama Varma Kulasekhara Kiritapati Manney Sultan Maharajah Rajah Ramaraja Bahadur Shamsner Jang, G.C.I.E., D.Litt.

making proclamation of the Maharajah in 1936 giving the Harijans the right of entry into the State temples and the Travancore University constituted in 1937 with the special object of promoting technological studies and research.

The staple agricultural products of the State are rice and cocoanut besides pepper, jack-fruit, sugarcane, tapioca, rubber and tea. The chief industries are coir making, cotton weaving and matting. The State abounds in various cottage industries such as wood carving, ivory carving, lace making, bell metal works and screw-pine industry. Besides inexhaustible supplies of timber, ebony, sandalwood and other valuable woods, there are immense deposits of mineral sands such as limenite, monozite, etc. Rich deposits of graphite and kaolin of exceptional quality are also found.

A Retrospect.—The Co-operative Movement was initiated in Travancore by the late Sir P. Rajagopalachariar, the first Registrar of Co-operative Societies in Madras, while he was in charge of the affairs of the State as its Dewan. The Co-operative Societies Bill was drafted at his direction and introduced in the Legislative Council on 13th October 1912. The late Sir M. Krishnan Nair, who succeeded him as the Dewan, took interest in the Bill and got it passed by the Legislative Council on 3rd March 1914. Immediately an able Revenue Officer, the late Mr. C. Govinda Pillai, was deputed to undergo a course of training under the Madras Registrar and soon after his return, he was appointed as the first Registrar of Co-operative Societies. A separate Department of Co-operation was organised under him and he was given the services of an Inspector and a small staff for assistance.

On 23rd November 1915, the Trivandrum Central Co-operative Bank was organised as the first Co-operative Society in the State to finance primary co-operative societies as and when formed. Unlike the Provinces in India where primary societies were the first to be organised and registered, strangely enough, a central financing institution was the first to be started in the State with a view to prevent societies from looking up to Government for financial aid. The management of the Bank was entrusted to some of the leading gentlemen of the State who were induced to contribute liberally towards the share capital of the Bank. In order to help the primary societies with loans as soon as they were formed and also to create confidence among the investing public the Government advanced a loan of Rs. 50,000 to the Bank soon after its formation. Though it took some years for the public to place their trust in the Bank, it has to be said to the credit of the Registrar, that the experiment of organising the financing institution in advance of the primaries which it was intended to feed, proved to be a step in the right direction and it was attended with success.

Just after the registration of the central financing bank, the Registrar turned his attention to the organisation of primary societies. Twenty-six societies, of which twenty were agricultural credit societies, were organised in the first year followed by 14 more in the subsequent year. The Raiffeisen system was adopted as the model and socie-

ties were registered on the basis of unlimited liability with a nominal share capital of rupee one per share. The initial working capital of the societies was supplied by the Central Bank as soon as they were formed. But it was soon found from experience that the Central Bank, whose resources were limited to a few thousands of rupees by way of share capital and a government loan of Rs. 50,000 could not continuously supply the financial needs of the growing number of societies. The expectations of the Registrar to attract deposits from the investing public through the Central Bank did not also fructify. Hence in 1918 the value of the shares was raised to Rs. 5 per share payable in instalments of As. 4 per month and the amount of the loan advanced was to be in proportion to the value of shares held, say five times the share value. As feared by the Registrar, the raising of the value of the shares, resulted in limiting the operation of the societies mostly to the middle and lower middle classes of people. The wage earners and the tillers of the soil, due to their incapacity to contribute towards shares, had to keep themselves aloof from the societies. But there was this advantage, that in the days of economic depression, the demand made by the outside public on the societies was rather not heavy, as the share amount formed about one half of their working capital.

The comparatively high percentage of literacy among the population in the State made the task of the Registrar easy in popularising the movement. A larger number of applications for the formation of new societies were received which may indicate that the movement was steadily gaining ground and the people were gradually awakened to the benefits of co-operation. But the Government from the very start of the movement were rightly opposed to the hasty organisation of societies and they observed "that a hasty multiplication of societies without due regard to the soundness of their condition and resources, was a danger to be guarded against at the very outset." Yet the progress achieved, considering the area and population of Travancore, was rapid and this is ascribable solely to the wide-spread education among the people. The progress of the movement is shown in the table appended to this section. There was a steady progress till the end of the quinquennium 1930-31 when the depression set in. Thereafter there was a fall in the number of societies and number of members and also a rise in the overdues. The societies practically remained dormant without the capacity to serve the purpose for which they were organised. The members are not only not helped with loans but are also pressed for the recovery of their dues at a time of severe economic depression. Moreover 483 societies were under different stages of liquidation. The causes that have led to the present plight may be summarised as due to 1. the general economic depression, 2. want of proper co-operative knowledge and spirit in the officials and non-officials who guided the movement, 3. want of adequate number of officials to audit and inspect the societies as they rose in strength year after year and 4. differences that arose between the official wing and the non-official wing which culminated in weakening the morale of the workers in the movement, both official and non-official.

The then Registrar of Co-operative Societies, Mr. Vaidialingem Pillai urged on the Government of Travancore the need for setting up a committee for examining the working of the movement in the State. The then Dewan, Mr. V. S. Subramania Iyer, is understood to have taken the view that there was no urgency in the matter. When, however, Mr. T. Austin, I.C.S., the present Adviser to the Governor of Madras, took charge of the Dewanship, the need was again pressed upon him by the non-official co-operators particularly those in charge of the Central Bank and the Institute. Then, by an order dated 25-12-1932 a committee, presided over by the well-known co-operative leader of India, Mr. G. K. Devadhar of Poona, with comprehensive terms of reference was appointed. The committee made several recommendations and also appended to its report a draft bill to amend the Co-operative Societies' Regulations then in force. The committee took about three years over the enquiry and the report has seen the light of day only early in 1935. The resources of the movement as represented by the total working capital for the year 1939-40 was over Rs. 73·71 lakhs, Rs. 40·78 lakhs of which represented the owned capital of the societies.

The early attempts at fostering and developing forms of co-operation other than credit, both agricultural and non-agricultural, were not attended with success. Except the distributive or the consumers' societies, special types of societies for non-credit work such as production, marketing and sale have been rare and the few societies that exist are still in the infant stage. However the ordinary credit societies have recently been encouraged to extend their activities in the above directions.

Progress of the Co-operative Movement in Travancore, 1916-1940

Particulars.	1916-17	1920-21	1925-26	1930-31	1935-36	1939-40
Central Banks	40	266	1,325	1,818	1,766	1,480
Agricultural Societies	1	1	2	3	3	4
Non-Agricultural Societies	29	214	1,071	1,453	1,364	1,096
Total number of Societies	10	51	232	334	371	353
Unlimited Liability Societies	29	174	1,051	1,503	1,423	1,113
Societies for the depressed classes	4	44	196	217	196	120
Non-credit Societies	6	6	10	28	55	52

Statement showing the progress of the Co-operative Movement in Travancore (Contd.)

Particulars	1916-17	1920-21	1925-26	1930-31	1935-36	1939-40
Total number of members ..	2,034	17,237	1,15,303	2,20,989	2,20,488	1,81,377
Average number of members per Society. ..	53	64	90	123	125	122
Aggregate working capital of societies. ..	Rs. 1,37,122	Rs. 3,37,321	Rs. 23,89,393	Rs. 69,33,897	Rs. 91,97,743	Rs. 73,71,104
Average working capital per society. ..	3,706	1,499	1,803	3,844	5,274	5,227
Total paid-up share capital of societies. ..	24,710	1,69,829	11,34,234	33,26,489	35,76,545	29,85,066
Average paid-up share capital per society. ..	668	755	853	1,844	2,050	2,117
Total Reserve Fund of societies. ..	2,307	23,793	1,56,770	5,33,232	10,16,421	10,73,574
Total deposits in societies ..	4,213	52,045	5,96,388	20,56,343	33,90,470	29,33,354
Loans issued by the Central Bank ..	31,974	34,970	5,23,367	4,14,779	4,58,301	22,221
Loans issued by primary societies ..	63,130	2,03,655	16,63,749	25,56,879	13,88,932	8,23,750
Arrears pending collection by the Central Bank and percentage under arrears. ..	1,101 (12%)	34,776 (54%)	45,199 (29%)	1,44,087 (29%)	5,21,153 (59%)	5,14,528 (69%)
Arrears by primary societies and percentage under arrears. ..	6,850 (18%)	78,368 (36%)	3,37,641 (23%)	18,82,421 (46%)	34,52,198 (72%)	36,83,117 (75%)
Expenditure on the Department and percentage on working capital ..	11,456 (9%)	20,315 (6%)	42,244 (17%)	57,542 (8%)	67,516 (73)	92,247 (1.2%)
Expenditure by the non-official agency and percentage. ..	..	..	..	..	..	1,84,215 (2.5%)

CO-OPERATIVE FINANCE

A. RURAL CREDIT SOCIETIES

The organisation of co-operative movement in Travancore, as elsewhere in India, has been primarily meant to finance farmers to carry on their agricultural industry successfully. As such the primary societies form the unit and the basis of the whole financial structure of the co-operative system in the State. In 1915-16, the year in which the movement was inaugurated, 26 societies were organised of which 20 were agricultural credit societies registered on unlimited liability basis. In the second year 14 new societies were organised of which 12 were agricultural credit institutions. A quinquennial progress of the agricultural credit societies is given in the following table:—

Year.	No. of Societies.	Agricultural credit societies	No. of Un-limited liability societies.
1916	40	29	29
1920	266	214	174
1925	1,002	805	733
1930	1,818	1,453	1,494
1935	1,767	1,394	1,442
1940	1,480	1,096	1,113

The above table shows that the number of societies increased rapidly from year to year until 1930 and thereafter the fall was equally rapid. The causes for the same have already been adverted to in the previous chapter. Another noticeable feature is that over 75 per cent of the total number of societies in the State are agricultural credit societies. It is but natural that in a country where over 75 per cent of the population depend for their livelihood on agriculture, the agricultural societies should bear an equal proportion. In the number of members also the proportion is not very dissimilar. Out of 1,81,377 members in 1940, the agricultural societies contributed 1,17,606. But in the matter of working capital which is the prime factor in credit societies, the share of agricultural societies was only 40 per cent i.e., out of a total working capital of Rs. 73,71,104, the contribution made by the agricultural societies was only Rs. 30,66,217. This works out only at Rs. 26 per member in agricultural societies whereas the average is Rs. 40 per member. Comment is unnecessary as to the inadequacy of the working capital per member in an agricultural country.

The third important feature is the predominance in the number of unlimited liability societies. To start with, the societies were organised on the Raiffeisen system with a nominal value of Re. one per share and on the basis of unlimited liability and it was proposed to finance them

from loans from the Central Bank. But the hopes entertained by the Registrar to attract deposits from the public through the Central Bank failed and he was forced to seek other means to find funds for the working of the societies. Thus due to the sheer necessity of raising capital through share amount the orthodox theory of registering agricultural credit societies on Raiffeisen system was given up temporarily for a few years. From 1918 onwards the applicants were allowed to get agricultural credit societies registered on limited liability basis if they so insisted. The result was the registration of several agricultural societies on limited liability basis in a few years. When the financial position of the Central Bank improved and the number of applications for registration of societies increased, much more than that could be conveniently handled by the Department, it re-insisted on registering societies only on the basis of unlimited liability knowing fully well that the public did not like to assume responsibility under unlimited liability. This resulted not only in the registration of all future societies as such, including several societies which are not even agricultural, but also in the conversion of limited liability societies that already existed into unlimited liability ones. This policy of the Department did not bring to the movement any good. It did not even succeed in securing outside capital to societies. By far the major part of the working capital of such societies consisted of share amount collected from among members. In 1923 agricultural societies issued 5,634 loans amounting to Rs. 1,71,110 and out of this amount, the primary societies received help from the Central Bank only to the extent of Rs. 19,940 or nearly 8½ per cent. The Registrar attributed this healthy feature to the fact that the majority of societies were formed on share capital basis with easy instalments and some societies which were not so formed amended their by-laws to come in line with the others. From this it should not be inferred that every agricultural credit society had raised all the required capital to be lent to the members in the shape of share capital. As has already been shown the working capital per member was only Rs. 26, which meant the societies were practically starving. Even when the financing Bank could secure sufficient capital, the societies would not approach it for loans. In 1933-34 the Central Bank had a plethora of funds but the societies were fighting shy to borrow freely from the Bank, as the unlimited nature of the liability of the societies frightened away the members especially those of them who had something to stake. The latter generally happened to control the societies and they declined to incur outside liability and risk their wealth to help their poorer brethren. Another disturbing feature in the agricultural societies was the mounting up of the overdue loans. In 1938-39 out of a total demand of Rs. 22,37,697 under principal the collection was only Rs. 4,64,442 thus leaving 79 per cent of the demand under arrears. Under interest the arrears were 85 per cent. There was whole hearted effort on the part of the Department to induce collection of overdues. In a few cases even payment in kind was encouraged. In very many deserving cases liberal concessions by way of remissions of penalty and even interest were granted. The question of affording further relief to the heavily indebted members of societies was also under consideration when the year closed.

In spite of the said efforts the present position of the agricultural credit societies is not enviable. Yet it is happy to note that the Department is firm in its resolve to rehabilitate the agricultural credit societies. The Registrar in his Report for 1940 has made the following observation: "the primary agricultural societies constitute the bulk of the co-operative organisation in the State and the soundness of the co-operative structure ultimately depends on the soundness of these primary societies. The reorganisation of these societies has therefore become an imperative necessity..... As has been observed by the recent Madras Committee on Co-operation, a comprehensive plan of reconstruction of the primaries has to be immediately taken in hand."

B. TALUK BANKS AND BANKING UNIONS

The Taluk Banks had a natural growth. The stunted growth of the Trivandrum Central Bank in its early days, specially its inability to attract deposits to finance primaries, set leading co-operators thinking as to how the resources of the rich villagers and the investing public of the mofussil towns could be tapped; and with this end in view, some of the prominent gentlemen of the State exerted themselves to organise financing banks on co-operative lines at important centres. The first bank of this type was organised in 1923 at Nagercoil. It was called the Peoples' Bank and was intended to finance middle class agriculturists in the two taluks of Thovala and Agasthiswaram, the chief paddy farming areas in Travancore—the primary societies working in those taluks and also the urban population within the municipal area of Nagercoil, the head-quarters of the Bank. The experiment was a success. The co-operators in other parts of the State began to imitate it and in the course of a few years several banks of the type had grown up. In some places the existing urban banks were converted into that type. All of them were not able to tap local resources and hence most of them were content with borrowing from the Central Co-operative Bank and relouping the money thus borrowed to their individual members and affiliated societies.

These taluk banks were organised on limited liability basis and they advanced large sums as loans to individuals. On the whole this proved detrimental to the credit movement from a co-operative standpoint. So the Registrar resorted to the organisation of Banking Unions to remedy the defects found in the working of taluk banks. In all 3 banking unions were organised and later their work was also found to be unsatisfactory.

Altogether there were 18 taluk banks and 3 banking unions in the State of which one had to be cancelled. In 1939, the remaining 20 institutions had between them 818 society members and 11,626 individual members. Their paid-up share capital and working capital were respectively Rs. 5,23,684 and Rs. 15,23,738. They issued 2,706 loans to individuals to the value of Rs. 1,47,805 and 74 loans to societies to the value of Rs. 68,497. Two of them had each a working capital of over Rs. 2 lakhs and four over Rs. 1 lakh. Three of them of which two were banking unions had each less than Rs. 5,000 as working capital. Six of them were not in a position to issue any loan during the year.

Nine banks incurred loss, to the extent of Rs. 47,084. The total profits earned by the rest of the banks were Rs. 19,605. In general the working of the taluk banks and the banking unions was not successful in Travancore. Thus the problem of financing the primary societies in Travancore is yet a hard one to solve as it is beyond the capacity of a Central Bank to finance and control 1,500 societies in the State and the taluk banks and the banking unions have proved to be too small and weak institutions to discharge the functions satisfactorily.

C. THE TRIVANDRUM CENTRAL CO-OPERATIVE BANK

The Trivandrum Central Co-operative Bank is the Apex Bank of the State though not of a pure type. Being the first co-operative society in the State (Registered on 23rd Nov. 1915) it had to be organised with individuals as members. Though its object was primarily to advance loans to societies, the membership of individuals prompted the management to extend the facility of lending to individuals also. When later the taluk banks were organised to finance primary societies, the freedom of the latter to get themselves affiliated to the apex bank and get from it loans direct was not curtailed. Hence the Central Bank became a complex type of institution having membership of taluk banks, banking unions, primary societies and individuals. At the end of the year 1939-40, 668 co-operative societies and 2,738 individuals were on the roll of membership. The main objects of the Bank have been to develop co-operative societies in the State, to finance the primary societies when they come into existence, to serve as a balancing centre for the surplus funds of its constituent members and to grant cash credits along with loans to affiliated societies. Besides the by-laws laid down that it should control societies, when affiliated, by careful and regular inspection and also encourage thrift, self-help, mutual trust and confidence among its individual members.

Management.—The administration of the Bank was originally vested in a Board of Management with seven members, four representing the societies and three individual members. To safeguard the interests of societies greater representation was found to be necessary and the by-laws were suitably amended to constitute a Board of 21 members, 14 representing the societies and 7 representing the individuals. The demand of the societies for plurality of votes at the general body meetings was also conceded for some years with a view to prevent the dominance of individual members. But when an urban bank for the city was organised and the membership of individuals in the Central Bank was discouraged the conflict of interest between the societies and the individuals ceased and the principle of exercising only one vote by every member has recently been restored.

During the first two years the State Government advanced a sum of Sircar Rs. 50,000 to the Central Bank at 5 per cent interest to be repaid in four annual instalments to enable it to finance the primary societies. In spite of the Government aid and the association of some of the very prominent non-officials with its management from its very in-

ception. the Bank made little progress till about 1922. Eleven years later i.e., at the end of 110S (1932-33) its membership consisted of 2,692 individuals and 693 societies who had taken 5,343 and 2,003 shares respectively and had paid up Rs. 1,08,810 and Rs. 42,370 respectively as share money. The improved financial position of the Bank enabled it to repay the Government loan before the stipulated time for repayment. Besides the Bank assumed to itself the function of a land mortgage bank and advanced intermediate loans from 5 to 7 years, to the extent of Rs. 4 lakhs on the security of landed properties. Its working capital had by that time risen to more than Rs 20 lakhs of which Rs. 14.33 lakhs consisted of deposits from individuals. In 1935 its position was still better. Deposits rose to Rs. 16,39,000. The number of societies affiliated to the Bank was 711. Its subscribed share capital was Rs. 7,68,600 and paid-up share capital was Rs. 1,55,250. Outstandings under loans, working capital and the total turnover stood respectively at Rs. 12¼ lakhs, Rs. 23 lakhs and Rs. 87½ lakhs. But thereafter slowly but steadily the financial position of the Bank declined. In 1940 its deposits and turnover came down to Rs. 7 lakhs and Rs. 25 lakhs respectively.

The difference that arose between the Registrar and the Board of management who attempted to resist the former's interference was one of the important causes for the set back in the progress of the Bank. The economic depression which set in by about 1930 and the consequent incapacity of the rural societies to make payments to the Bank, added to the difficulty of those in charge of the affairs of the Bank.

Even though its present financial position is not enviable, it is not bad.

The following statement shows the financial position of the Bank during 1938-39:—

Items.	Assets. Rs.	Liabilities. Rs.
Cash in hand and at Banks	44,772	
Investments in Government Papers	1,02,545	
Loans and overdrafts to societies	6,80,946	
Loans and overdrafts to individuals	4,10,636	
Interest on loans	1,53,849	
Other items	66,957	
Deposits from members		2,44,417
Deposits from non-members		1,69,469
Funds of societies		3,09,243
Loans, overdrafts etc.,		3,04,325
Share capital (paid up)		1,40,100
Interest on deposits and borrowings		23,377
Other items		1,000
Funds not to be paid out to outsiders		2,46,712
Total	14,59,707	14,38,648

N.B. Certain small items are left out. The balance is the profit for the year.

It has got assets to the value of Rs. 14½ lakhs. Its liabilities to be discharged to the outsiders do not exceed Rs. 12 lakhs. As such it has got a margin of over Rs. 2½ lakhs against bad debts and other losses that may be incurred due to Debt Relief Measures.

In the matter of making payments also, the anxious days appear to be almost past. Out of the outside liabilities of about Rs. 12 lakhs, only Rs. 4½ lakhs is due to deposit holders. The Board of Management strives its best to regain to the Bank its lost confidence. It is expected that the Bank will ere long recoup its position with the support of the Government and by careful management.

D. LAND MORTGAGE BANKS

The organisation of a Land Mortgage Bank in Travancore was the first and foremost question mooted by the Travancore Co-operative Union (now the Institute) as soon as it was formed in 1924-25. Through its monthly magazine it popularised the idea among the public and made them feel the necessity to have the same. At its initiative, resolutions requesting Government to organise land mortgage banks in Travancore were passed at several co-operative conferences. In 1926 the Institute appointed an influential Committee, consisting of high officials, and non-officials presided over by the late Rao Bahadur R. Krishna Pillai, who was for some time the acting Dewan of the State, to formulate a scheme and submit the same to Government. Accordingly a scheme was drafted and presented to the Government to organise a Bank on co-operative basis. The recommendation of the Banking Enquiry Committee was also in favour of organising the Bank under the Co-operative Regulation. Government then referred the matter to the Registrar asking whether the Central Co-operative Bank could be entrusted with the duties of the Land Mortgage Bank. He naturally thought that it ought to be a separate Institution. Hence finally when it was resolved to establish the Bank, Government decided to organise it as a concern of the State and not as a commercial concern on a joint-stock basis as recommended by the Indian Central Banking Enquiry Committee.

The Bank was thus inaugurated in 1931. The management was vested in a Board consisting of five officials of the State and two non-officials nominated by Government. The Financial Secretary to the Government was the President of the Board. H. H. The Maharaja donated a lakh of rupees as the initial capital for the Bank on the day of the installation ceremony of H. H. The Maharaja on the throne. Government advanced from the funds of the State the required working capital from time to time.

In 1938 the Travancore Credit Bank was organised under a separate Regulation (IV of 1113). Under Sec. 17 of the Act the affairs and business of the State Land Mortgage Bank were taken over by the Travancore Credit Bank. The latter though run under the auspices of the Government is a shareholders' bank. The Board of Management of the Bank consists of 11 directors of whom 6 are to be elected by the shareholders, one

by debenture-holders and 4 to be nominated by Government. The Chairman of the Board is to be elected but subject to the approval of the Government. On its formation in 1938 the Credit Bank got transferred to itself all the assets and liabilities of the State Land Mortgage Bank. The latter before its amalgamation with the Credit Bank had outstandings under loans to the value of 11½ lakhs of Rupees. The maximum amount under loans was not allowed to exceed Rs. 5,000 to an individual. After the Credit Bank took over the business, it had lent more than Rs. 7 lakhs. Now the outstandings under the loans are Rs. 17,88,000. The Board has power to issue loans according to the capacity of the borrower and no maximum is fixed. It may be interesting to note that a single loan has been issued to the extent of Rs. 1.50 lakhs. Loans are not allowed to fall heavily into arrears. The Bank has been given the power to recover its arrears under the Revenue Recovery Regulation. The maximum under arrears has never exceeded 15 per cent of the outstandings. The officers of the Land Revenue Department are authorised to value the properties mortgaged for loans and also to effect recoveries. Though the Bank has been given the power to issue debentures, it has not felt the need so far to go in for debentures. The authorised share-capital of the Bank is fixed at one crore of rupees and the value of each share is Rs. 100. Only twenty-five thousand shares have been allowed to be issued at present.

E. URBAN BANKS

The idea of organising urban banks did not arise in the minds of co-operators in Travancore until 1922. In that year the only society that did credit business on the scale of an urban bank was the Changannassery Co-operative Society, which had a membership of 597 and a share capital of Rs. 11,565.

In the next year the number of urban banks rose to 5 and thereafter every year the progress of the urban banks continued and they found a separate niche in the Registrar's Report.

In 1938-39 there were 16 urban banks in the State. They had between them 9,242 members, Rs. 5,50,448 as working capital Rs. 2,19,152 as paid up share capital and Rs. 42,672 as reserve fund. Eleven of them worked at a profit of Rs. 14,425 and four of them worked at a loss of Rs. 12,676. The biggest Bank was the Trivandrum Urban Co-operative Bank which had a membership of 3,456, paid up share capital of Rs. 60,610, working capital of Rs. 2,48,567 and reserve fund of Rs. 8,000. It issued in the year 391 loans to the value of Rs. 78,378 and earned a net profit of Rs. 10,422. Though it was organised after the economic depression had set in and the co-operative societies had begun to deteriorate, it continued to progress and it is one of the very few banking institutions in the State which continue to command the confidence of the investing public. The working capital of the other urban banks consisted only of their share capital and loans from the Central Bank. They did not command much money in the shape of deposits.

One particular feature to be mentioned regarding the urban banks is that all of them do not work in towns. Several of them are working

in villages. They have assumed the appellation of Banks for the simple reason that they happened to be bigger institutions than the ordinary primary societies. Another feature is that the growth of urban banks is seriously handicapped by the taluk banks having taken up the additional function of financing the urban population as well. All the taluk banks have their officers at the head-quarters of their respective taluks, mostly municipal areas. When they freely grant loans to the urban population, the latter find no necessity to organise urban banks to serve their needs or even to resort to them for loans where they exist except the thriftless people and others who are ready to accumulate their burden of debts wherever facilities for the same are afforded. In 1939 the taluk banks issued 2,706 loans to individuals to the tune of Rs. 1,47,805 which is much higher than the number and amount under loans issued by all the urban banks taken together.

CONSUMERS' STORES

Consumers' co-operation has been sought to be introduced in the State from the very start of the movement in the year 1915. The first store society to be registered was the Co-operative Distributive Society in Trivandrum. Following this, distributive stores were organised and started in various centres of the State with varying degree of success. The main objects for which these stores have been formed are to stock the household requirements of the members such as rice, oils, condiments, ghee, clothing, etc; and sell them to the members on advantageous terms. The principles laid down by the Rochdale Pioneers were followed, as far as possible, in the organisation and conduct of these societies. Sales were confined to members only at market prices and on ready cash system. Special care was bestowed on quality and proper weights and measures were insisted on. The members were allowed a bonus on purchases made, besides a reasonable dividend on the share capital subscribed by them.

Though started on sound principles the store movement did not thrive well and show a satisfactory progress. In the course of 10 or 12 years many of the earliest stores ceased working and have collapsed. The reasons that led to the collapse of the store movement in other parts of India are more or less applicable to the failure of stores in Travancore as well.

At present there are 52 store societies and the working of most of the societies is not quite satisfactory. But there are a few exceptions. The premier institution which leads as a successful store society is the Trivandrum Co-operative Distributive Society. This society has established itself on solid foundation and is able to rank itself as next to the Triplicane Stores so far as the Madras Presidency is concerned. It has 15 branches working in different parts of the Trivandrum City. It purchased articles to the value of Rs. 91,837 and had sale proceeds to the extent of Rs. 2,34,082 in the year 1939-40. The total value of purchases made by all the store societies in the State during 1939-40

amounted to Rs. 2,16,559 and the sale proceeds to Rs. 3,52,586. There are 15 store societies working in educational institutions such as English High Schools and Colleges. Among the latter the most important society is H. H. The Maharaja's College of Science Co-operative Store which has recently been converted into the "Travancore University Co-operative Stores." This society is doing very useful business by stocking articles of stationery, text books, note books, laboratory appliances, sports and games materials etc., and selling them to the members at moderate prices. The society in 1940 had purchased articles to the value of Rs. 10,145 and sold for Rs. 11,837. A net profit of Rs. 714 was earned by the society in the year 1939-40. A special feature in the working of this society ever since its inception in the year 1932 has been that it is able to declare a bonus on purchases at the rate of $1\frac{1}{4}$ as. in the rupee to the student members. Students and members of the staff heartily co-operate in carrying on the working of this co-operative society and the Principal of the Science College is the Ex-officio President of the institution.

Another store society which deserves special mention is the Travancore Co-operative Medical Stores in Trivandrum. The members of the society are all professional medical men. The society stocks all kinds of patent drugs, medicines and surgical instruments and retails the same to members. The society is only 2 years old, but had made phenomenal progress and built up substantial business. The total paid up share capital is Rs. 6,000 and it also holds deposits to the extent of Rs. 2,500. During the year which has just closed, the total amount under purchases and sales of the society amounted to Rs. 44,000. The net profit earned was Rs. 2,014. As a result of the working of this Medical Shop Society on a co-operative basis it has been possible to bring down the prevailing rate in the prices of medicines, and thereby prevent exploitation of the public by private merchants in the trade.

In addition to societies which have been doing purely distributive business, there is another class of distributive work undertaken by credit societies of which there are 22 in number. They stock and sell rice, condiments, clothing and other necessities of life in rural parts.

SPECIAL TYPES OF SOCIETIES

The co-operative movement in Travancore is predominantly credit in character, though during the past 6 years and more, a clear non-credit bias has been given to it. Of the total number of 1,459 societies at the end of 1940, only about 150 were non-credit societies. But it has been the avowed policy of the Department to give preference to the organisation of special types of non-credit societies since 1933. Very recently a drive has been started in favour of organising multipurpose societies and nearly 50 societies have registered themselves afresh for multipurpose activities.

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Weavers' Societies.—Handloom Weaving in Travancore was in a flourishing condition, and expert professional weavers in the State inhabiting the southern parts of Travancore who are very skilled experts in the craft of weaving have been carrying on this industry for generations past. During the last decade a series of adverse causes affected violently this great village industry and at present it is in a very unsatisfactory state. In order to organise together the weavers and to nurse the weaving industry back to life, a central organisation was felt to be very necessary and hence a Central Weavers' Co-operative Society was registered about 10 years back. This society did not start work for the past several years owing to lack of enthusiasm on the part of the promoters and others. In 1940 the Srimulam Shashtiabdapurthi Memorial Institute in Trivandrum keenly interested itself in handloom weaving and has itself taken over the Central Weaving Society. Since then, phenomenal progress has been achieved by the Society and it has now on its rolls about 150 members, individual weavers and societies, and a total working capital of about Rs. 5,000, this progress being the result of one year's working. Government have placed orders for the supply of textile goods required by the different departments such as the Excise, Military, Hospitals, etc., with the Society to the value of more than Rs. 12,000. The Society has been given a subsidy of Rs. 2,500 and also a motor lorry for easy transportation of goods. A special feature of the Society is that it has secured the services of an American trained Expert in dyeing, printing and colour. Under his supervision new and attractive patterns, designs, and colour have been introduced. These are becoming very popular. The 'Institute quality' cloth, shawls, towels, chintz, window and door curtains etc., manufactured by weavers under the direction of the Society are becoming increasingly popular. During the year 1940 the Society has turned out business to the total extent of nearly Rs. 47,000 under purchases and sales. It has also introduced as a side business the manufacture of tapioca starch on a cottage industrial basis thereby supplying a portion of the starch requirements of the Indian Mills outside the State. The future of this Central Weavers' Society promises to be very bright, and in its hands the handloom weaving industry in Travancore is certain to receive a great impetus and incentive.

Societies for Dairy Farming and Cattle Breeding.—In an essentially agricultural State like Travancore no other industry affords better facilities, usefulness and scope for development than dairying and cattle breeding. The first attempt at organising societies for dairy farming was made in the year 1934 by the Co-operative Department when a few societies were registered for the purpose. Of these only two societies viz., the Thirumala Ksheeravyavasaya Mahila Co-operative Society consisting exclusively of women, and the Neyyattinkara Gorasavyavasaya Co-operative Society are carrying on regular business. The former situated in a village called Thirumala on the outskirts of the city of Trivandrum besides maintaining cows, advances loans to members to purchase cows. The society has put up a common cowshed where cows are brought by the members every morning and evening and milked there under the supervision of the society. About 150 cows are milked daily and a total quantity of 11 *paras* of milk is produced daily. The members

entrust the milk to the society which, in turn after hygienic handling, transports the same to the city for distribution among consumers. The price of milk per bottle paid to the producer-member is 2¼ annas, and the society sells at 3¼ annas per bottle, the margin of profit being utilised for meeting the establishment and other charges. The society has a centrifugal cream separator machine which was purchased for it by the Agricultural Department of the State on hire-purchase system. The surplus quantity of milk is turned into cream, butter-milk and butter. The society possesses a motor van purchased from the loan granted by the Industries Department to facilitate transport of milk to the town. The working of the society is fairly satisfactory and it affords an honest means of decent livelihood to hundreds of poor rural families, the average net income per family being Rs. 12 per mensem.

The Neyyatinkara Gorasavyavasaya Co-operative Society is engaged in the preparation of butter under hygienic conditions for sale. The society has a membership of 150 and a paid up share capital of Rs. 890. This society obtains an annual grant of Rs. 500 from Government besides a loan of Rs. 200 secured from the local Co-operative Taluk Bank. The members who are professional Govalas organised themselves into a society for collection and sale of butter, when they felt that they could not compete with the middlemen and the capitalists. During the year 1939 the society sold 14,117 lbs. of butter and the sale proceeds amounted to Rs. 7,732. The butter is marketed in the city of Trivandrum the principal customers being Government hostels, pharmacies, and the individuals forming the public.

Societies for Poultry Keeping.—Though there are 3 poultry societies, the only one which is doing good work is the Marthandam Y.M.C.A. Poultry Farming Co-operative Society. It encourages members to breed good poultry by distributing eggs among the villagers for purposes of hatching. Side by side with the efforts to improve the breed, the society also collects twice in a week the eggs brought to the society by the members. After duly testing and grading them, they are exported to places outside the State like Ceylon, Madras, Bombay etc. In 1939 the society collected 1,40,537 eggs and sold them for Rs. 8,621. The producer gets on an average ¾ anna to 1¼ annas per egg according to quality.

Societies for Marketing of Agricultural Produce.—The work done by co-operative societies to market the produce of the agriculturists has been nominal and though more than a dozen societies have been registered, none has begun satisfactory work. The Central Society for marketing which has been started at Alleppey called the "Travancore Co-operative Wholesale Society" has been doing, on a modest scale, the business of pooling, grading and sale of such products as pepper, ginger, copra, turmeric etc. It has both societies and a few individuals as members. The society purchased and sold articles to the aggregate value of Rs. 1,24,541 during the year 1939-40, and earned a commission of Rs. 850. Government have been pleased to depute an Inspector of the Department to function as the Secretary of this wholesale society and also have given a subsidy of Rs. 1,000. This Central Society for marketing has infinite scope of expansion and improvement.

Kettuthengu Deposits system.—This system may be construed as an elementary form of marketing agricultural produce on a co-operative basis. It is an interesting form of non-credit activity introduced in the credit societies for the benefit of the members. The system enables members to make repayments in kind. Members of a society earmark a certain number of their cocoanut trees and entrust them to the society which in turn takes the yield of cocoanuts. Cocoanuts collected or pooled in this manner are put up for auction by the society and are sold at good prices. The amount realised this way is credited either to the loan accounts or deposit accounts of the members. A number of societies in North and Central Travancore which abound in cocoanut trees, have successfully adopted the "Kettuthengu" as a very suitable method of collecting loans in kind. In the year 1939-40 nearly 210 societies practised this system and collected 26·74 lakhs of cocoanuts and sold for Rs. 82,984. At a time when the depression in prices of agricultural commodities told heavily on the agriculturists this system has really been a boon to them because better prices were secured to members for their products.

Co-operative Restaurants and Rest Houses.—The Trivandrum Co-operative Home is situated within the heart of the city of Trivandrum affording conveniences for boarding and lodging to co-operators, their friends, relations and casual visitors to the capital. The society has taken up on rent a pucca building with several suites of rooms, within easy reach of the Public Offices, and the High Court and affords conveniences to tourists and business people to sojourn comfortably for short periods. During the year 1940 the society turned out business, to the extent of Rs. 7,850. A similar society called the Trivandrum Co-operative Cafe has been recently started and it has opened a restaurant within the premises of the park.

Societies for Cottage Industries.—There are a few societies working for the promotion of cottage industries. The chief cottage industries carried on by co-operative societies in the State are the manufacture of screwpine mats and screwpine articles, bell metal industry etc. A few *Viswakarma* societies have engaged themselves in handicrafts such as furniture-making, jewellery, carving wood and ivory, lacquer work etc. There were in all 19 artisan societies with a total working capital of Rs. 18,223 and a membership of 1,466. The Screwpine Industrial Co-operative Society at Karunagapally has successfully introduced certain new patterns and varieties of screwpine goods in the market and has marketed goods to the value of about Rs. 3,000 during the past year 1939-40.

The Neyyoor Co-operative Society.—The Society was registered as a credit society on 25-11-1923. From very humble beginnings it has to-day developed into one of the model societies in Travancore, engaged in diverse activities connected with village uplift. It commenced work on 3rd January 1924. For the first ten years its activities were confined to the supply of agricul-

tural credit alone. At the end of the first decade the society had a membership of 327 and an aggregate paid up capital of Rs. 6,518. Realising that the opportunities of facile credit were involving its members in debt while their reproductive and earning capacities were being allowed to rust, the committee then in control of the society, with the sanction of the general body adopted the policy of discouraging purely credit activities and turned its attention to a programme of work towards rural reconstruction.

The opening of a co-operative store in 1110 (1934-1935) for purchase and sale of articles needed by the villagers formed the first of a series of non-credit activities taken up by the society. In the first fifty-four days of its working ending with the co-operative year 1934-1935 the distributive section of the society purchased articles to the value of Rs. 1,920 and sold articles to the value of Rs. 1,304 with articles to the value of Rs. 728 in stock. The profit made in the said period of less than two months was Rs. 108. This was an encouragement to the management to push on with the work and develop that branch to the farthest possible extent. It was decided that two-thirds of the profits from this section should be set apart as a relief fund to be made available to the loyal members of the society and their families when overtaken by calamities such as sickness and death. Sub-Committees were appointed to constitute Panchayats for settling cases by arbitration, for watch and ward work chiefly for controlling unrestricted begging in the village by issue of licenses to deserving beggars, and for education and propaganda. The Society with its various branches has, since, been housed in its decent buildings which to-day constitute the rural reconstruction centre. The rural reconstruction branch of the Society is now run under three main sections, viz., (1) Industrial; (2) Educational, (3) Medicine, Public Health and Sanitation.

1. *Industrial section.*—(i) *Weaving* forms the most important branch of the industrial section and affords the greatest scope for work among the villagers. Besides twelve handlooms kept in the demonstration centre two of which are exclusively devoted for weaving Khaddar yarn, a large number of looms have been distributed among the members. In the Centre free tuition is given in weaving. An ordinary trained weaver earns from 3 to 6 annas per day while an expert earns from 8 to 12 annas according mainly to the quality of count used and the pattern of cloth woven.

(ii) *The Spinning Section* affords means of livelihood to a large number of girls who work in the Centre and women who work at home. Some families in the village easily earn between Rs. 15 and Rs. 20 a month, the womenfolk using their spare time for the work. They are provided with cotton from the Society and the yarn spun is collected payment being made for the quantity produced.

(iii) *Bee-keeping* is a popular industry undertaken by the society. In the Centre are kept fifteen bee-hives while a large number is dis-

tributed among the villagers. Loans of bee-hives are given to members, honey being collected by the society. Fifty per cent of the cost of the honey is realised as part payment towards the value of the hive and the remaining half is paid to them.

(iv) *Poultry Keeping*.—Elimination of bad variety of fowls and breeding of good ones and making poultry an attractive and profitable industry in the village is the object aimed at by the society. For demonstration and help to the villagers nearly thirty fowls comprising of many varieties are kept in the Centre. Eggs are sold and distributed for being set. If the villagers desire that eggs should be set for them by the society, it does so and gives them the chicken free of cost. The society collects eggs from the villagers and markets them.

(v) *Workshop*.—The village requirements such as agricultural implements and charakas are manufactured and repaired in the workshop. Indigenous talent is encouraged and the boys who have an aptitude for the work are given training in carpentry and smithy. Thus a taste for handicraft is created and dignity of labour encouraged among the youths of the village.

2. *Educational Section*.—(i) *Reading Room and Library*.—Through the medium of a reading room and library the Society disseminates knowledge among the villagers. In 1940 it has taken over the management of "Dewan Nanoo Pillai Memorial Reading Room and Library" one of the foremost of the libraries and reading rooms in the State.

(ii) *Harijan School*.—The society takes interest in Harijan uplift work also. There is a school for Harijans and a prayer hall and Asram housed in decent buildings constructed by the villagers and made over to the Sree Ramakrishna Mission. From time to time the society has been helping this institution by grant and propaganda.

(iii) *Sunday classes* are held in the common prayer hall of the Asram where large numbers of villagers, especially Harijans congregate.

3. *Medicine, Sanitation and Public Health*.—Under this section free medical aid to poor villagers, first aid work, street lighting and sweeping, introduction and popularisation of bore-hole latrines and health propaganda by means of lectures, are undertaken. There is an Ayurveda Vaidyasala where the poor are freely treated. The Society enjoys a grant of Rs. 20 per mensem from the Ayurveda Department of the Government, for its up-keep. A number of lights from one end of the village to the other have been put up and are maintained by the Society. The Public Health Department has provided the village with the services of a Public Health Midwife for attending to maternity cases and of two menials for helping the society for lighting and sweeping the streets. Public Health lectures are arranged periodically by the Society with the help of the Department. Cinema lectures on various diseases and the methods of prevention, especially during seasons of epidemics are a regular feature of the

health propaganda work. At such seasons medicine is distributed free to villagers and volunteers go round both to render advice and distribute medicines.

The Society has been uniformly enjoying the patronage of the Government and the public. Besides the grant received from the Ayurveda Department and the help rendered by the Public Health Department and the advice tendered by the Co-operative Department, the Government give the Society through the Economic Development Board an annual grant varying from Rs. 300 to Rs. 600.

THE TRAVANCORE CO-OPERATIVE INSTITUTE

Organisation.—The passing of the Co-operative Act, No. X of 1089 gave an impetus to the gradual organisation of societies which by the year 1100, numbered 770. These societies felt the imperative need for the starting of a central representative organisation of the co-operative societies in Travancore, as is evident from a resolution to the effect passed in the open session of the All-Travancore Co-operative Conference held at Trivandrum in 1099. Immediate steps were taken to implement that resolution, and on the memorable day of the ascension to the Gadi by His Highness the Maharaja in 1100 the promoters of the Institute managed to get it registered.

Membership.—The membership of the Institute was open to all societies, and by the close of the first year of its working, seventeen societies had joined as members. Eight more societies joined in the subsequent year and gradually the number rose to 357 by 1112. Distinguished men with experience in Co-operation, were admitted as honorary members of the Institute. Recently in 1115, the by-laws of the Institute were amended with the following two important changes. (1) the primaries are not allowed to be members, except the non-credit societies, which have a working capital of Rs. 20,000 or above. (2) Provision was made for three seats to the nominees of the Government in the Governing Body, and one, in the executive. The total number of members now is fifty-five consisting of 1 Central Bank, 27 Unions, 15 Taluk Banks, 4 Urban Banks, 2 non-credit societies, 3 honorary members, and three Government nominees.

Management.—The management of the Institute is entrusted to a Governing Body of 18 members elected from the General Body. The Governing Body in turn constitutes a small Executive Committee of five members to administer the day to day work.

Activities.—The main object of the Institute is co-operative propaganda and education. But, besides this important function, it attends to supervision, inspection, organisation of new types of societies, and serves as the exponent of non-official co-operative public opinion.

SUPERVISION, EDUCATION AND AUDIT

SUPERVISION

For six years from the inauguration of the movement, the functions of Propaganda, Organisation, Supervision and Inspection were discharged by the Registrar with the assistance of his departmental staff of Inspectors and a handful of non-official workers who offered their honorary services voluntarily for the progress of the movement. As long as the number of societies was limited, the Registrar himself devoted his personal attention to the working of the societies. When their number increased and adequate inspecting staff was not provided by the Government, the Registrar was compelled to secure the services of honorary workers to a great extent to assist him. Moreover the idea of making the movement a self-sufficient and self-reliant non-official organisation actuated the then new Registrar, Mr. R. Vydialingam Pillai, who took charge of the office in 1922 after a course of training in British India, not only to seek the assistance of non-official workers more and more, but also to induce and entice office-bearers of good societies to take to co-operative work almost as full-time workers wherever possible. With a view to retain the services of honorary workers, two measures were devised, one by the appointment of Honorary Organisers and making provision for meeting their actual out-of-pocket expenses and second, the formation of Unions of Co-operative societies. Both these measures were worked out at the same time. Generally the Chief Officers of Unions like the Presidents or the Secretaries were appointed as Honorary Organisers.

The first Union was formed in 1922 at a Taluk-headquarter having jurisdiction over the whole revenue area. Eleven societies joined the Union. Next year four more Unions were organised in four other Taluks. Only 52 societies could be induced to get themselves affiliated to the unions that year. Generally societies did not like to become members of the Unions as they had to contribute towards the expenses of the Unions. The non-official character of the movement was foreign to their knowledge. As a sort of inducement for the formation of the Unions the Government subsidised them liberally for the first few years. The subsidy was calculated at the rate of 75 per cent of the pay of the supervisors maintained by the Unions. When the Unions became popular and the demand came from the societies for the formation of the Unions the rate of subsidy was reduced and the appointment of supervisors was deferred till the Unions themselves were in a position to stand on their own legs as far as possible. Now the Unions have become an inseparable part of the co-operative movement in the State. All the societies in the State come under the jurisdiction of one or the other of the Unions. During 1938-39, out of the 1,636 societies working in the State 1,415 were affiliated to the Unions. Of the rest, several were central societies, and non-credit institutions which need not and cannot be affiliated to the Unions. The following statement shows the progress made by the Unions from 1921-22:—

Year	Number of Supervising Unions	Number of Socie- ties affiliated to the Unions	Total working Capital of Societies affiliated to the Unions	Total expendi- ture for the Unions
1097 (1921-22)	1	11	Rs. —	Rs. —
1098 (1922-23)	5	52	—	—
1099 (1923-24)	10	226	3,10,856	1,914
1100 (1924-25)	15	525	8,38,584	5,582
1101 (1925-26)	19	845	14,24,828	13,874
1102 (1926-27)	25	1,200	26,47,910	19,735
1103 (1927-28)	26	1,361	30,15,648	15,871
1105 (1929-30)	27	1,539	44,58,665	26,035
1110 (1934-35)	28	1,612	61,94,268	28,651
1114 (1938-39)	27	1,415	55,06,141	18,756

As has been said the area of operations of a Union comprises generally a revenue taluk. But there are taluks which have within their area more than one Union and also taluks which possess a Union in common. Generally every Union maintains a supervisor. But there are some which maintain more than one supervisor. The total number of supervisors maintained by all the 27 unions according to the latest Report is 30. All the unions are supervising unions. But 3 of them along with supervision finance the societies affiliated to them and are otherwise known as Banking Unions.

When the number of supervising unions reached 15 the need was felt for organising a central association for co-ordinating the activities of the unions and for making the non-official control more effective. Accordingly the Travancore Co-operative Union was organised in 1925, and the name was changed, a few years later, into the Travancore Co-operative Institute, the working of which is described elsewhere.

The policy of the Government regarding non-official participation was laid down as gradually transferring to the non-official agency the functions of organisation, supervision and propaganda and limiting its duties to the statutory functions of audit, registration and liquidation. With the increase of efficient supervising unions and of honorary organisers the Government expected gradually to withdraw from their administrative functions. Actuated by the encouragement thus evinced by Government to the non-official agencies, the unions attended to all the activities that contributed to the progress of the movement. They organised co-operative societies, supervised them, held local conferences, assisted the Institute to hold All-Travancore Conferences within their areas, attended to arbitration work and arranged for short courses of training for the Secretaries and Panchayatdars.

PROPAGANDA AND EDUCATION

(a) *Periodic Conferences.*—To effectively reach all parts of the State, the supervising unions act as the agents of the Institute and carry out its instructions. Secretaries' conferences, committee members' conferences, group meetings of societies and some times classes of co-operative workers are some of the activities, usefully done through the unions. The periodic conferences are held mainly with the object of popularising or organising new types of co-operative activities. The unions are also directed to convene conferences of co-operators in the Taluks. Some times, the conferences are arranged on a grand scale and exhibitions are held to educate the masses on subjects of Agriculture, Industry, Health, Cattle-breeding, Rural Uplift etc. Through Rural Uplift Societies in the mofussil exhibitions and summer courses are often arranged in the rural areas.

(b) *All Travancore conferences.*—The Institute has so far conducted eight All Travancore Conferences. These were attended by delegates from all parts of the State besides distinguished co-operators from various parts of India who are invited to address the conferences as Presidents and speakers. Exhibitions are also arranged along with the Conferences.

(c) *International Co-operators' Day and Dinners.*—The Institute arranges for the Day being celebrated throughout the State in an attractive manner. The Central Bank and Institute jointly celebrate the occasion in the Metropolis. These functions are intended to be attractive demonstrations to make an effective drive for popularisation and expansion of the movement. Garden parties and dinners are generally arranged and many distinguished persons partake in the same.

(d) *Travancore Co-operative Journal and other publications.*—The Institute publishes "*The Travancore Co-operative Journal*" which is intended to serve the purpose of propaganda and education. The journal was begun in the second year of its existence and it has now

completed eleven volumes. It has a wide circulation. It deals with co-operation and allied subjects of agriculture, industry, rural uplift, health, education etc. Occasional pamphlets, and leaflets are also published by the Institute for the benefit of co-operators and general public.

(e) *Co-operative Training*.—The establishment of a Training Institute has not materialised due to financial difficulties. But short courses are held for the workers of societies in some Taluks under the auspices of the respective Unions. A scheme for starting a training course is also under contemplation.

(f) *Inspection*.—The Institute is charged with the work of inspecting and supervising the working of societies in Travancore. Generally for the convenience of allotting work, the State is divided into several divisions and they are put in charge of particular committee members, who are required to submit their diary and report of work done, to the committee. For some time a Special Inspector was appointed by the Institute to visit constituent societies and conduct supervision or inspection. But subsequently the post was abolished and the whole burden of work has devolved on the members of the committee.

The Institute, besides the activities mentioned above in brief, enthusiastically interested itself in promoting many non-credit societies which are doing useful work now. Particularly in 1938, when the effects of the economic depression created a deadlock in societies, the Institute convened an All Travancore Conference of co-operative workers and appointed a special committee to prepare a scheme to tide over the crisis. The scheme as prepared was placed before the Government which have already given effect to some of the recommendations. An additional scheme has been prepared for the current year for submission to Government.

The Institute is affiliated to the All-India Co-operative Institutes' Association, and the representatives of the Institute have taken part in several of its meetings.

Finances.—The finance, as it is at present, is not sufficient for its progressive work. The collections of last year amounted to only Rs. 360 as fees from affiliated societies and Rs. 500 as subsidy from the Central Bank. The Institute has approached Government for more liberal help to carry out all the schemes under contemplation.

AUDIT

Audit, though emphasised to be one of the statutory functions of the Registrar, could not be satisfactorily attended to by him due to pressure of work and inadequacy of the inspecting staff.

Thus slowly but steadily audit also became a part of the chief functions of the non-official agency. The number of societies audited by the latter and the inspecting staff of the Department is given in the statement appended.

	1923-24	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30
Total number of societies audited	757	953	1280	1530	1650	1717	1778
Audited by the Inspectors	657	656	705	684	761	738	707
Audited by the Unions and Honorary Auditors	100	297	575	846	889	979	1071
	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36	1936-37
Total number of societies audited	1804	1777	1759	1746	1717	1714	1704
Audited by the Inspectors	783	805	852	1021	992	1022	All the societies.
Audited by the Unions and Honorary Auditors	1021	972	907	725	725	92	None
Audit Staff of the Department	23 Inspectors.	27 Inspectors.	One Asst. Registrar, 27 Inspectors	One Asst. Registrar, 27 Inspectors	One Asst. Registrar, 27 Inspectors	Two Asst. Registrars, 36 Inspectors.	Two Asst. Registrars, 36 Inspectors.
			27 Inspectors	8 Tem. Inspectors for audit for 5 months.	8 Tem. Inspectors for audit for 5 months.		

A perusal of the above table would show that the part played by the unions in performing the most arduous part of the statutory functions of the Registrar was not inconsiderable. From 1925 to 1935 the brunt of the work was borne by them. Even as the co-operative structure of the State owes its existence chiefly to the efforts of the unions, the blames for the downfall of the co-operative societies have been attributed to the unions. In 1932-33 the Registrar noted that no improvement of the quality of audit work was possible unless and until the Departmental Staff was adequately augmented and strengthened. Next year the Government sanctioned 8 temporary Inspectors for 5 months to attend solely to audit work. The additional temporary staff whose period was extended in the subsequent year also could not lighten the burden of the non-official agency. In 1933-34, out of 1,746 societies, the Department audited 1,021 and non-official agency 725 societies. As a result of continued pressure Government sanctioned 9 permanent Inspectors in 1935-36 and it was stated that the help of unions was not therefore indented upon to the same extent as before. Except 92 societies, all the rest i.e., 1,622 societies were said to have been audited by the Inspectors during 1935-36. In the next year they audited 1,704 societies, it is said, without external help. Thence-forward all the societies have been declared to be audited by Inspectors in spite of heavy pressure of work otherwise.

Defects in the working of the unions.—The working of the unions has not been wholly satisfactory. Want of funds and obstacles in the path of manning the Institutions with proper personnel stand as a clog in the wheels of their progress. From the very start the societies, even good and flourishing ones, did not like to contribute their supervision fund. The effects of the economic depression worsened the state of affairs. In 1936-37 the percentage of overdues under the supervision fund which is the only mainstay of the unions, was very high and in many unions the pay of supervisors was in arrears for several months the affiliated societies having failed to pay their dues promptly. This resulted in the partial decadence of the non-official bodies.

The Co-operative Department in Travancore.—The Co-operative Department is controlled by a part-time Registrar since October 1938. Until then the Department was administered by a full-time officer. The growth of the Department in relation to the number of societies in the State is shown in the following table.

Year	Registrar	Number of Assistant Registrars	Number of Inspectors	Number of Societies
1915-16	One full-time Registrar	Nil.	1	26
1920-21	Do.	Nil.	7	266
1925-26	Do.	Nil.	20	1280
1930-31	Do.	Nil.	27	1809
1935-36	Do.	2	36	1744
1938-39	Part-time Registrar.	3	47	1636

Since 1925 the Registrar has been pressing the Government to create Divisional charges and place each division under the control of an Assistant Registrar. Instead the Government only added to the burden of the Registrar by entrusting him with the additional duties of the Registrar of Joint Stock Companies, the Protector of the depressed classes etc. Finally the office itself was made an appendage of another major department and till very recently it was held by the Commissioner of Land Revenue and Income-tax. It has since been handed over to the Director of Agriculture. It was only after the movement began to decline rapidly that the strength of the department was increased and the Divisional charges were created.

The best judge of the fitness of any member of the staff must be the member of the primary society whose ear he has to secure and retain.

—ROYAL COMMISSION ON AGRICULTURE IN INDIA.

ESTABLISHED 1911

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK LTD.

(Registered under Co-operative Societies Act)

Head Office:

9, Bake House Lane, Fort, BOMBAY

BRANCHES 28

Apex Bank of the Co-operative Movement
in Bombay Presidency

WORKING CAPITAL

Exceeds Rs. 22,000,000

FIXED, CURRENT AND SAVINGS DEPOSITS
ACCEPTED

THE BIHAR PROVINCIAL CO-OPERATIVE BANK LTD.

ESTABLISHED IN 1914.

(THE BANK HAS NO BRANCHES)

The Government of Bihar in their communiqué dated 5th April, 1941, have declared to bear the losses if any of this Bank and to give it such other financial assistance and support as may be necessary. With this end in view the Government have assumed necessary control over this Bank.

DEPOSIT RATES:—

Fixed deposits for one year 3 p.c. per annum.

Savings Bank accounts $2\frac{1}{2}$ p.c. per annum on minimum monthly balance.

Current accounts 1 p.c. per annum.

Detailed rules regarding deposits
will be supplied on application.

S. S. RACHHPAL,
Managing Director.

V. M. THAKORE,
Secretary.

THE MADRAS PROVINCIAL CO-OPERATIVE BANK, LTD.

Head Office :

379, CHINA BAZAAR ROAD, MADRAS

Balance Sheet as on 30th June, 1941

	Rs.		Rs.
Capital	6,66,500	Cash	25,88,145
Reserves	27,88,803	Investment in Govt.	
Deposits	2,41,46,411	securities	1,16,81,368
Sundries	3,46,298	Other investments	1,37,000
Profit & Loss A/c.	2,86,359	Loans & overdrafts	1,35,83,762
		Premises (acquired entirely out of profits)	
		Sundries	2,44,096
Total	<u>2,82,34,371</u>	Total	<u>2,82,34,371</u>

Analysis of Working

	Year ends 30th June.		
	1939.	1940.	1941.
	Rs.	Rs.	Rs.
Paid up Capital	.. 6,55,800	6,65,600	6,66,500
Reserves	.. 24,70,439	26,18,081	27,88,803
Fixed, Current and other deposits	.. 1,76,36,902	2,15,02,633	2,41,46,411
Net Profit	.. 2,36,144	2,38,206	2,53,398
Amount transferred to Reserve Fund	.. 75,000	75,000	75,000
Other Accounts	.. 99,866	1,02,729	94,004
Dividend at 9 per cent	.. 59,022	59,363	59,941
Carried Forward	.. 36,785	32,961	52,127

BANKING BUSINESS OF EVERY DESCRIPTION
UNDERTAKEN

For Rules, etc., apply to :—

T. RAGHAVENDRA RAU,
Secretary.

THE PUNJAB PROVINCIAL CO-OPERATIVE BANK LTD.,

Registered under Co-operative Societies
Act II of 1912 in 1924

*Is the Apex Bank of the Co-operative
Movement in the Punjab.*

RESOURCES	Rs.
1. Paid-up Share Capital	11,47,000
2. Statutory Reserve	6,25,000
3. Other Reserves	18,43,000
4. Deposits by members & non-members	1,09,20,000
5. Investment in Government Securities	64,80,000
6. Working Capital	1,46,77,000

Fixed, Current and Savings Bank deposits accepted from members and non-members. Banking facilities afforded to the public especially for all towns where no commercial bank exists and a co-operative bank is the only agency to undertake such business.

For rules and terms apply to the Manager.

Office :

**Y. M. C. A. BUILDINGS,
THE MALL, LAHORE.**

**THE MADRAS CO-OPERATIVE CENTRAL
LAND MORTGAGE BANK LTD.**

President

SRI. T. A. RAMALINGAM CHETTIAR, B.A., B.L., M.L.C.

Rs.

Authorised share capital	20,00,000
Paid up share capital	9,56,500
Statutory and other reserves	7,47,117

The bank issues first mortgage *debentures fully guaranteed by the Government of Madras*, both as regards principal and interest. For each series of debentures issued, a sinking fund on the lines advised by the Reserve Bank of India is constituted into which, payments are made to accumulate funds to pay off debentures at maturity.

For further particulars, apply to the Secretary, Khaleel Mansions, Mount Road, Madras.

MADRAS,
Dated 11-1-'42.

N. S. KONETI RAU,
Secretary.

THE SOUTH INDIA CO-OPERATIVE INSURANCE, SOCIETY, LTD.

Head Office: Madras.

TELEGRAMS "Sicois"

Post Box No. 182.

TELEPHONE 3738

SOUND AND PROGRESSIVE: Many years of experience of sound and progressive insurance has equipped the Society to transact all plans of Life Assurance so as to provide the poor and middle classes, insurance cover, which they most need and which assures financial security for themselves and dependents by stabilising their thrift.

POLICIES FOR SMALL INVESTORS: Small savings can safely be invested with us in our Endowment Policies with profits for they are like an investment which fetches its return while at the same time provides a handsome capital when one grows old or for dependents.

SOCIETY'S POWER RESERVES and assets covering them are unsurpassed in strength and give the policyholders "impregnable security" of a well-managed organisation of renowned Co-operators.

Your kind enquiries invited.

V. VENKATACHALAM, M.A., B.L.⁷

Secretary.

THE Triplicane Urban Co-operative Society, Ltd.,

HEAD OFFICE :

109, Big Street, Triplicane, Madras.

Telephone No. 2358 :



Founded 1904.

THE T. U. C. S. LTD.

Is the Premier Co-operative Store in India. Has 34 Branches in the city and suburbs of Madras. Supplies all groceries and a variety of toilet articles.

Has its own Establishment to purchase and mill or hand-pound paddy in Nemore District.

Has its own Oil Mills in the city driven by electric power. Runs a Piece-goods Department, selling mostly the goods of Weavers' Co-operative societies in the Madras Presidency.

Buys a number of its requirements from Co-operative Sale Societies. Has at the invitation of the Government of Madras opened 25 Depots in different parts of the city to cater to the needs of all classes of people essential food-stuffs at reasonable rates during the war emergency.

Membership is open to all citizens of Madras.

No. of Members on 1st Jan. 1942	..	6,753
		Rupees.
Paid-up Share Capital	..	91,688
Reserve Fund	..	1,08,249
Common Good Fund	..	37,344
Dividends Paid up to	..	2,71,847

THE MADRAS PROVINCIAL CO-OPERATIVE UNION MYLAPORE, MADRAS.

PUBLISHES:

THE MADRAS JOURNAL OF CO-OPERATION
*(The Premier Monthly Co-operative Journal in India-Voicing forth
the Co-operative opinion in the Province)*

MANUFACTURES:

1. Slides on Co-operation, Rural Reconstruction, Prohibition etc.
2. Swadeshi Magic Lantern.

CONDUCTS:

Co-operative Training Institutes for Supervisors in 4 places in the Presidency and
Training Classes for Panchayatdars and Members of Societies all over the
Presidency.

PUBLICATIONS:

				PRICE RS.
1. Co-operative Societies Act	...	...	...	0-8-0
2. Amendment Slips	...	...	...	0-1-0
3. Economic Depression in Rural Kistna	...	...	...	0-12-0
4. Rural Sanitation and Health (Tolugu)	...	...	...	1-0-0
5. Tamil Drama—"Sadhyaama"	...	...	...	0-8-0

SLIDES & MAGIC LANTERN:

1. The Evils of Drink and Benefits of Co-operation	... 33 Slides	Coloured Sets	Price Rs.	50.
2. Thrift and Co-operation	... 40 Slides	"	"	60.
3. Rural Reconstruction in Alamuru	... 62 Slides	"	"	93.
4. Prohibition and Co-opera- tion in Salem District.	... 40 Slides	"	"	60.
5. Ramayana	... 36 Slides	"	"	45.
6. Magic Lanterns (Under Preparation)				

APPLY TO:—

THE HONORARY SECRETARY,
THE MADRAS PROVINCIAL
CO-OPERATIVE UNION,
LUZ, MYLAPORE, MADRAS.

ENCOURAGE CO-OPERATIVE HANDLOOM WEAVING.

ALWAYS WEAR HAND WOVEN CLOTH.
THEY STAND FOR HONESTY IN WORK.

HIGH STANDARD QUALITY.

LIVING WAGES FOR THE LABOURERS.

NO EXPLOITATION.
NO PROFITEERING.

THE MADRAS HANDLOOM WEAVERS'
PROVINCIAL CO-OPERATIVE SOCIETY LTD.,
MADRAS.

(Phone No. 8175)

THE MADRAS PROVINCIAL CO-OPERATIVE MARKETING SOCIETY LIMITED.

582, Pycrofts Road, Triplicane, Madras.
(Registered Under Madras Act VI of 1932).

President—SIR T. A. RAMALINGAM CHETTIAR, B.A., B.L., M.L.C.

HEAD OFFICE	...	582, Pycrofts Road, Triplicane, Madras.
FRUIT BRANCH	...	83, Bundar Street, G.T., Madras.
FIREWOOD DEPOT	...	Barlow's Bridge, Mysore.
COCONUT DEPOT	...	83, Bundar Street, G.T., Madras.
PROVISIONS BRANCHES	...	87, Mint Street, G.T., Madras.
		1/14, Pandy Bazaar, Thyagarayanagar.

The following are the main objects of the society:—

- to arrange for the sale of produce of the affiliated societies and other members to the best advantage;
- to act as agent of members for the disposal of their produce;
- to co-ordinate the activities of the various non-credit societies by getting them into touch with the market places, the places of production and the prices prevailing in the presidency;
- to serve as an information bureau of raw products available in the presidency or elsewhere.

(Commodities available) Handpounded raw Rice, Milled raw Rice, Boiled Rice, Ghee, Honey Cloth, wax, Sacks, Jaggery, Dhool Gingelly oil, Turmeric powder, Cattle seeds, Tea, Eucalyptus oil, Kodur Sathukudi oranges, Limes, Sapotas, Firewood and Charcoal.

R. A DISESHA NAIDU,

Secretary.

**The Madras Co-operative
Milk Supply Union, Ltd.**

Ayanavaram Perambur Pocht.

SELLS

**Pure Pasteurised Milk
Butter & Cream**

Also Butter melted pure ghee

**MILK IS SOLD AT DEPOTS IN SUITABLE CENTRES
ALL OVER THE CITY OF MADRAS IN SEALED CANS**

House Delivery of Milk & its products also made

Rates Cheap :

**Milk Rs. 0-6-8 a measure of 4 lbs.
Cream „ 1-0-0 per pound
Chee „ 2-6-0 a viss**

President :

Rao Bahadur K. Sambasiva Chettiar.

Vice-President :

Rao Bahadur C. Tadulinga Mudaliar.

Secretary :

K. N. Sivan.

Adviser :

Dewan Bahadur K. Deivasikhamani Mudaliar.

THE CO-OPERATIVE CENTRAL BANK, LTD., VELLORE.

North Arcot District — Madras Presidency.

President: SRI V.M. RAMASWAMI MUDALIAR M.A., B.L., M.L.A.

Secretary: SRI N. SOMASUNDARA IYER.

Accounts Audited by Government.

AUTHORISED SHARE CAPITAL	...	Rs. 5,00,000
PAID UP SHARE CAPITAL	...	Rs. 2,65,112
DEPOSITS	...	Rs. 19,83,710
RESERVE FUNDS	...	Rs. 4,10,565
OTHER RESERVES	...	Rs. 65,476

Investments in Government and other Societies exceed 4½ lakhs.

CURRENT ACCOUNTS are opened free of charge and interest at 1% allowed on daily balances.

SAVINGS DEPOSIT ACCOUNTS opened with sums as low as Rs. 5 and interest allowed on daily balances at 2% per annum.

FIXED DEPOSITS are received at rates of interest which may be ascertained on application.

PROVIDENT DEPOSITS can be opened to make provision for daughter's marriage, Children's education and for constituents themselves against physical incapacity and old age—Minimum amount Rs. 1,000. Period of deposit extending from 7 to 30 years. 2½% compound interest allowed on such deposits.

Apply for further particulars to:—

THE SECRETARY,
THE CO-OPERATIVE CENTRAL BANK, LTD.,
VELLORE.

THE SOUTH ARCOT CO-OPERATIVE CENTRAL BANK, LTD., No. 1844, CUDDALORE N. T.

(ESTABLISHED IN 1918)

Registered under the Co-operative Societies' Act II of 1912.

	Rs.
Paid up share capital ...	2,19,500
Reserve liabilities on shares ...	91,800
Statutory and other reserves ...	2,52,100
Investment in Trustee securities...	1,50,000
Other investments in Reserve Bank, Madras Provincial Co- operative Bank and Central Land Mortgage Bank, Madras...	1,74,200

Working capital exceeds Rs. 13 lakhs.

Accepts deposits as follows :—

Fixed ...	2½% to 3¾%
Recurring ...	5%
Savings ...	2½%
Current ...	1%

Peoples Provident Fund 5% compound interest.

Deposits of Local Bodies exceed Rs. 2½ lakhs.

Deposits of Individuals „ „ 1 lakh.

Bills collected and cheques and drafts issued on easy terms.

Members of the Managing Committee:—

1. Sri K. Sitarama Reddiar, B.A., B.L., M.L.A.
(Central) Chairman.
2. „ R. Krishnaswami Aiyangar, B.A., B.L., Member.
3. „ R. Ponnuswami Pillai, B.A., B.L., M.L.A. „
4. „ S. Chidambara Iyer, M.L.A., „
5. Mr. T. A. James Vincent „

Rules on application to the Special Officer.

CUDDALORE N.T., }
Dated, 24—11—1941. }P. AUDIKESAVAN,
Special Officer.

THE BERHAMPORE CO-OPERATIVE CENTRAL BANK, LTD., J. 395

BERHAMPORE, GANJAM DISTRICT.

PRESIDENT : Rai Bahadur T. Venkatakrishnaiya, B.A., B.L.

VICE-PRESIDENT : Sri N. Ramakrishna Rao, B.A.

SECRETARY : Sri G. Jagannadham, B.A., L.T.

Statement of Affairs as on 30-8-1941

<i>Liabilities</i>		<i>Assets</i>	
	Rs.		Rs.
Paid up Capital	84,534	Cash on hand and with	
Reserves	59,047	Banks	42,917
Deposits and other		<i>Investments:—</i>	
Liabilities	10,10,584	In Govt. Securities	2,41,064
Sundries	30,035	In Madras Provincial	
		Co-op. Bank	2,73,679
		In the Debentures	
		of the Madras Cen-	
		tral Land Mortgage	
		Bank (Guaranteed	
		by Madras Govt.)	50,000
		Advances to Co-opera-	
		rative Societies	5,11,985
		Bank Premises & Equip-	
		ment	19,178
		Sundries	45,377
Total	Rs. 11,84,200	Total	Rs. 11,84,200

ACCEPTS Fixed, Current, Savings and Recurring Deposits; PREMIUMS on behalf of the Andhra Insurance Co., South India Co-operative Insurance Society, Ltd., The Empire of India Life Insurance Company, The New India Assurance Co., The Venus Assurance Co., Collection of bills, Hundies, Cheques undertaken.

CHEQUES & Drafts issued on Banks at Calcutta, Bombay and Madras and other important towns in the Presidency of Madras.

RULES and terms of business on application.

THE RAMACHANDRAPURAM CO-OPERATIVE CENTRAL BANK, LTD., No. 4201

ESTABLISHED 8-12-1919

Authorised Capital .. Rs. 2,00,000 in 4,000 shares of Rs. 50 each.
 Issued, Subscribed and Paid up Capital .. Rs. 1,00,350 in 2,007 shares of Rs. 50 each.

PRESIDENT: Mr. B. Venkataratnam, Land-holder.

Balance Sheet as on 30th June 1941

Liabilities		Property and Assets	
	Rs.		Rs.
Capital	1,00,350	Advances, loans, etc.	17,02,103
Reserve fund	1,01,240	Investments, securities	2,39,229
Other funds	77,544	Sundry assets	37,902
Deposits and loans	17,69,398	Cash	1,09,401
Sundry liabilities	23,172		
Profit & Loss	16,931		
Total	20,88,635	Total	20,88,635

Net Profit as per Profit and Loss Account Rs. 16,567—11—0

Analysis of working

Year ending.	Capital paid up.	Deposits.	Reserve Fund.	Net Profits.	Dividend Rate.
	Rs.	Rs.	Rs.	Rs.	
1930-31	1,50,350	7,47,109	60,000	38,172	6%
1931-32	1,50,350	7,60,321	73,723	35,221	9%
1932-33	1,50,000	6,28,363	79,000	12,538	9%
1933-34	1,42,300	3,66,451	82,134	8,521	9%
1934-35	1,41,850	2,96,675	84,031	7,065	5%
1935-36	1,39,250	3,26,491	86,031	12,399	5½%
1936-37	1,10,050	2,91,284	89,131	5,973	4%
1937-38	1,03,300	4,88,785	90,624	13,253	5%
1938-39	1,03,200	8,70,842	94,106	15,933	5%
1939-40	1,00,550	9,24,828	98,100	12,369	5%
1940-41	1,00,350	7,71,798	1,01,200	16,567	5%

Accepts current and fixed deposits, undertakes collection of bills, hundies and cheques and issues drafts on co-operative banks in the Madras Presidency.

Present rates of interest on fixed deposits which are subject to alteration:

1 Year	..	3 per cent per annum
2 Years	..	3¼ per cent per annum
3 Years and above	..	3½ per cent per annum

For further particulars Apply to:

SECRETARY,
 The Ramachandrapuram Co-operative
 Central Bank, Ltd., Ramachandrapuram
 East Godavari District, Madras Presidency.

**THE CO-OPERATIVE CENTRAL BANK, LTD.,
NO. 1560, CONJEEVARAM**

Balance Sheet as on 30-6-1941

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Share Capital	3,45,832	Cash on hand & at Bank	33,022
Reserve Fund transferred out of profits	2,75,558	Loans and Cash Credits	17,84,811
Other funds created out of profits	1,46,727	Other Investments	5,37,118
Deposits	16,925	Land, Buildings & furniture	58,024
Sundries	79,566	Sundries	54,620
Total	24,67,500	Total	24,67,590

CURRENT DEPOSITS opened for approved constituents and interest allowed at 1% per annum on daily balances upto Rs 200.0. FIXED DEPOSITS accepted for 12 months and above. Rates on application.

GENERAL BANKING BUSINESS TRANSACTED.

Authorised by the Government to accept fixed deposits of Local Bodies, Abkari and other Government contractors' Security deposits.

THRIFT DEPOSITS payable monthly accepted and interest allowed at 4% per annum.

R. A. SHANMUGAVELU,
Secretary.

**THE MADRAS DISTRICT CO-OPERATIVE
CENTRAL BANK, LTD.,**

337, Thambu Chetty Street, Madras

(ANDHRA INSURANCE BUILDINGS)

ESTD. 1930.

PHONE NO. 3191.

PRESIDENT:

RAO BAHADUR M. GIRIAPPA, B.A.,
(Retired Joint Registrar of C. S. Madras.)

**BANKERS TO ALL CO-OPERATIVE
BANKS IN THE CITY OF MADRAS**

CURRENT ACCOUNTS are opened with a nominal amount of Rs. 10 and interest is allowed at 1 per cent per annum.

FIXED DEPOSITS are received for 6 months to 1 year at 3 per cent per annum and above 1 year at 3½ per cent per annum.

SAVINGS DEPOSITS are received at 2½ per cent per annum.

The Rates of interest on deposits are subject to periodical revision.

Further particulars may be had on application to the Secretary.

THE LAHORE CENTRAL CO-OPERATIVE BANK LTD.,

Head Office: Lahore. : : Branch Office: Kasur.

*Opened for business on 12th May, 1912
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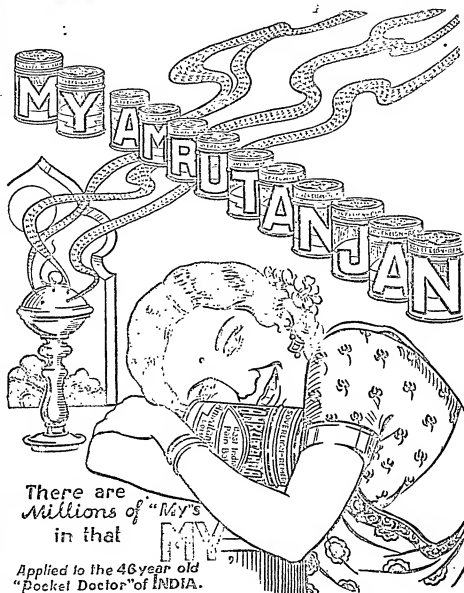
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